103

MINORITY ENTREPRENEURS' QUEST TO OBTAIN FINANCING

Y 4. SM 1: 103-57

Minority Enterpreneurs' Quest to Ob...

HEARING

BEFORE THE

SUBCOMMITTEE ON MINORITY ENTERPRISE, FINANCE, AND URBAN DEVELOPMENT

OF THE

COMMITTEE ON SMALL BUSINESS HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRD CONGRESS

FIRST SESSION

PINE BLUFF, AR, OCTOBER 29, 1993

Printed for the use of the Committee on Small Business

Serial No. 103-57

GOVERNMENT DEPOSITORY

JUL 21 1994

BOSTON PUBLIC LIBRARY

U.S. GOVERNMENT PRINTING OFFICE

74-196 CC WASHINGTON : 1994

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402
ISBN 0-16-044378-4

3

MINORITY ENTREPRENEURS' QUEST TO OBTAIN FINANCING

. SM 1:103-57

ity Enterpreneurs' Quest to Ob...

HEARING

BEFORE THE

SUBCOMMITTEE ON MINORITY ENTERPRISE, FINANCE, AND URBAN DEVELOPMENT

OF THE

COMMITTEE ON SMALL BUSINESS HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRD CONGRESS

FIRST SESSION

PINE BLUFF, AR, OCTOBER 29, 1993

Printed for the use of the Committee on Small Business

Serial No. 103–57

DEPARTMENT OF PUBLIC...
DEPOSITORY

JUL 21 1994

BOSTON PUBLIC LIBRARY
GOVERNMENT DOCUMENTS DEPOSITORY

U.S. GOVERNMENT PRINTING OFFICE

74–196 CC WASHINGTON : 1994

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402
ISBN 0-16-044378-4

COMMITTEE ON SMALL BUSINESS

JOHN J. LaFALCE, New York, *Chairman*

NEAL SMITH, Iowa
IKE SKELTON, Missouri
ROMANO L. MAZZOLI, Kentucky
RON WYDEN, Oregon
NORMAN SISISKY, Virginia
JOHN CONYERS, JR., Michigan
JAMES H. BILBRAY, Nevada
KWEISI MFUME, Maryland
FLOYD H. FLAKE, New York
BILL SARPALIUS, Texas
GLENN POSHARD, Illinois
EVA M. CLAYTON, North Carolina
MARTIN T. MEEHAN, Massachusetts
PAT DANNER, Missouri
TED STRICKLAND, Ohio
NYDIA M. VELAZQUEZ, New York
CLEO FIELDS, Louisiana
MARJORIE MARGOLIES-MEZVINSKY, Pennsylvania
WALTER R. TUCKER III, California
RON KLINK, Pennsylvania
LUCILLE ROYBAL-ALLARD, California
EARL F. HILLIARD, Alabama
H. MARTIN LANCASTER, North Carolina
THOMAS H. ANDREWS, Maine
MAXINE WATERS, California
BENNIE G. THOMPSON, Mississippi

JAN MEYERS, Kansas
LARRY COMBEST, Texas
RICHARD H. BAKER, Louisiana
JOEL HEFLEY, Colorado
RONALD K. MACHTLEY, Rhode Island
JIM RAMSTAD, Minnesota
SAM JOHNSON, Texas
WILLIAM H. ZELIFF, JR., New Hampshire
MICHAEL A. "MAC" COLLINS, Georgia
SCOTT McINNIS, Colorado
MICHAEL HUFFINGTON, California
JAMES M. TALENT, Missouri
JOE KNOLLENBERG, Michigan
JAY DICKEY, Arkansas
JAY KIM, California
DONALD A. MANZULLO, Illinois
PETER G. TORKILDSEN, Massachusetts
ROB PORTMAN, Ohio

JEANNE M. ROSLANOWICK, *Staff Director*
STEVEN LYNCH, *Minority Staff Director*

SUBCOMMITTEE ON MINORITY ENTERPRISE, FINANCE, AND URBAN DEVELOPMENT

KWEISI MFUME, Maryland *Chairman*

JOHN CONYERS, JR., Michigan
FLOYD H. FLAKE, New York
NYDIA M. VELAZQUEZ, New York
WALTER R. TUCKER III, California
CLEO FIELDS, Louisiana
LUCILLE ROYBAL-ALLARD, California
EARL F. HILLIARD, Alabama

RONALD K. MACHTLEY, Rhode Island
JAMES M. TALENT, Missouri
JOE KNOLLENBERG, Michigan
JAY DICKEY, Arkansas

BRUCE GAMBLE, *Subcommittee Staff Director*
SKIP LEONARD, *Minority Subcommittee Professional Staff Member*

CONTENTS

Page

Hearing held on October 29, 1993 1

WITNESSES

FRIDAY, OCTOBER 29, 1993

Ashley, David, member, National Association of Minority Auto Dealers 27
Blackwell, Alvin, president, AEB Consultants 26
Foglia, Joseph T., district director, Arkansas U.S. Business Administration 9
Jackson, Michael, chief executive officer, Delta Community Development Corp. 14
Lang, Lula, dentist, Private Practice 27
Vindasius, Julia, executive director, the Good Faith Fund/Southern Development Bancorp 11

APPENDIX

Opening statements:
Dickey, Hon. Jay 40
Mfume, Hon. Kweisi 33
Tucker, Hon. Walter R. III 37
Prepared statements:
Ashley, David 145
Blackwell, Alvin 127
Foglia, Joseph T. 42
Jackson, Michael 123
Lang, Lula 141
Vindasius, Julia 109
Additional Material:
Letter to Chairman 170
Remarks of U.S. Representative Blanche Lambert 212

MINORITY ENTREPRENEURS' QUEST TO OBTAIN FINANCING

FRIDAY, OCTOBER 29, 1993

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON MINORITY ENTERPRISE,
FINANCE, AND URBAN DEVELOPMENT,
COMMITTEE ON SMALL BUSINESS,
Washington, DC.

The subcommittee met, pursuant to notice, at 9:05 a.m., Pine Bluff High School Theatre, Pine Bluff, AR, Hon. Kweisi Mfume (chairman of the subcommittee) presiding.

Chairman MFUME. Ladies and gentlemen, the Subcommittee on Minority Enterprise, Finance and Urban Development will come to order.

Let me, first of all, say good morning and thank so many of you for taking time to come over here and to share with us the fruits of this hearing. I would like to thank, in particular, the mayor of the city, who we will hear from in just a moment, as well as a number of people who have helped to make this trip possible.

I'm also happy, as Chairman of this Subcommittee, to extend a special welcome to the future leaders of our country, the juniors and the seniors of Pine Bluff High School, who are here, taking time out of their own busy academic schedules to join us today, to witness the work of this congressional committee as we seek to engage in legislative oversight in a public hearing.

While you will observe these proceedings, it is important to note, young people, that it is through this dynamic process that Members of Congress are able to collect vital information on a particular topic relevant to the interests of this subcommittee. We are also able, as a result of this, to be able to expose any underlying problems and to recommend improvements for corrections or to correct shortcomings that may be inherent in the system or inherent in existing legislation.

Today, the Subcommittee on Minority Enterprise, Finance and Urban Development has been convened in the 4th Congressional District of Arkansas at the request of our colleague and our subcommittee member, Congressman Jay Dickey. Mr. Dickey doesn't need an introduction, because many of you here have worked with him and have known him for years.

He put in the request that we come here and, as a member of the minority side, we were quick to recognize the request and try to work this hearing in. I need to say that this hearing was up in the air for some time, because we thought, quite frankly, we were going to have votes in Washington today. But, fortunately, we are

here in Pine Bluff, thanks, in large part, to the work of Congressman Jay Dickey, who, in addition to serving on the Small Business Committee, as many of you know, is an outstanding member of the Committee on Agriculture.

I'd like to also recognize another colleague. Congressman Dickey will speak to you in just a moment. But another colleague, who also had to adjust her busy schedule to be here, representing the 1st Congressional District of Arkansas, I'm speaking of the Honorable Blanche Lambert, a member of the Energy and Commerce Committee, a member of this freshman class, like Congressman Dickey, another hard-working person here from Arkansas, who herself, in many respects, has made contributions to the 103rd Congress.

Let me just say this about Blanche before I move on. I mentioned a moment ago that she is a member of the Energy and Commerce Committee. That is no small task for a freshman Member of Congress. There are many Members who have been there longer than me that are still trying to get there. So I think this is a testament to her work and the way she's able to focus her skills in representing you and certainly the admiration that many of us in Congress have for her.

Also here today from Los Angeles, Compton, to be exact, is Congressman Walter Tucker. Walter is a member of this committee, a distinguished Member of the House of Representatives, and he, like Jay, are two of the Members whose districts that we've decided to go to as we make this three-city loop to try to put together a formal record, so that we might be able to move in the spring with legislation to correct problems facing minority business with respect to access to capital and to also put in place policy changes.

Walter is a member of the Public Works Committee of the Congress. We are happy that he has come here to Pine Bluff with us to be here for this hearing today.

The focus of this hearing is on one of the most formidable, but essential undertakings that indiscriminately affects, but completely influences the formation and development of small and minority businesses across the industry spectrum. That focus is minority entrepreneurs' quest to obtain capital.

Those of you in this room who are small business people, I don't need to tell you how important that is. Despite an apparently growing congressional consensus that small businesses and their development is essential to the recovery and sustained growth of the economy here in this country, there is little agreement over what pragmatic safe steps can be taken to effectively address the fundamental conditions that cause what has become, in many respects, a shrinking availability of capital.

The problems associated with the pursuit of capital sources are magnified for minority entrepreneurs, who tend, in many respects, to suffer disproportionately from the stigma of negative stereotyping.

It has been estimated, even in the most conservative quarters, that small businesses provide two-thirds of all the new jobs in this country and firms with fewer than 20 employees contribute most of those employment opportunities.

As large firms begin to reduce, and we're all familiar with what's happening in corporate America, as they begin to restructure their work force, as crime borne out of desperation becomes all too commonplace, and as unemployment levels continue an upward trend, the role and the importance of Federal policy to encourage small- and minority-owned business development becomes even more critical.

This realization makes the issue before our subcommittee today vitally important to all citizens of this country, because without access to capital, small- and minority-owned business concerns cannot grow, they cannot expand, and, in many respects, they cannot provide the employment opportunities that urban and rural residents alike so desperately need.

The jurisdiction of this subcommittee requires that we focus particular attention on the issue of availability of capital and credit to the minority business community. It has been demonstrated time and time again that minority-owned businesses confront more obstacles in obtaining capital than nonminority businesses.

Some people have even suggested that the disparity in the total number of thriving minority-owned businesses as compared to the overall minority population is thus creating economic and social complications that impact our families, ultimately our neighborhoods and then the general welfare of our Nation as a whole.

So this hearing represents a continuation in a series of hearings conducted by this subcommittee, designed to enable Members to make an informed determination about, one, the nature and the severity of the problems confronting minority businesses; two, the effectiveness of Federal programs and private sector initiatives to provide relief; and, three, the scope and magnitude of public support for legislative initiatives that ultimately will bring about and encourage solutions.

It would be a bit disingenuous for me to suggest this morning that as a result of the testimony we receive today, that members of this subcommittee will be prepared to return to Washington tonight and immediately begin developing comprehensive strategies to address the myriad of problems confronting minority entrepreneurs seeking to secure financial assistance to grow and then to ultimately expand their companies.

As Chairman of the subcommittee, however, I do want you to know that I am absolutely committed to using this hearing and others that follow to help focus the attention of the Congress and of the President on the economic development needs of minority entrepreneurs and to propose solutions, real solutions that are meaningful and desirable.

Today we will hear from a senior level official from the U.S. Small Business Administration, who will give us an overview of the available programs that promote lending activity among small minority business owners. We will also hear from representatives of two local private lending institutions which have been widely recognized as being in the vanguard of providing credit to the minority business community. Finally, we will hear accounts from local minority business owners who will share their personal experiences in their quest to secure capital.

So it's extremely important as we reach this second leg on a three-city tour to be able to hear from all of you here in Pine Bluff. The hearings that we held in Los Angeles were extremely beneficial. The hearings that we will hold early next year to conclude the series of three trips in New York City, we hope will be beneficial.

But we are absolutely happy to be here this morning to hear from the people of Pine Bluff, in the only way that you can tell us, what it is that you see as barriers to access to capital and what you propose that we pursue as we return to Washington.

Before I introduce the witnesses, I want to advise Members and witnesses that the constraints of our time require that we proceed as close as we can to the 5-minute rule. So I'm going to ask the witnesses to limit or certainly to truncate their oral presentations. Witnesses are advised that your written statement shall be printed in its entirety in the official hearing record. That hearing record will be kept open for 5 legislative days to permit additional testimony from perhaps individuals who could not be here this morning.

So as Chair, I would ask unanimous consent that subcommittee members may have 5 days to revise and to extend in their remarks. Hearing no objection, then it is so ordered.

[Chairman Mfume's statement may be found in the appendix.]

At this time, I would like to yield to the representative of the 4th District of Arkansas, the Honorable Jay Dickey, who is, in large part, if not totally responsible for us being here today, because of his insistence that the people of Pine Bluff and their testimony be a part of this official record and because of his unwavering ability to convince other members of the subcommittee that as we strike efforts to put in place what we need to be able to move legislatively, that we not fail to come here to the south and to make available the hearing record and the podium to all of you.

So I would like to yield at this time to the distinguished member of the Agriculture Committee and Small Business Committee, your Congressman, the Honorable Jay Dickey.

Mr. DICKEY. Thank you so much, Mr. Chairman. I want to thank you for coming and for the other Members to come. I think it's really a significant thing that we have put aside party differences and maybe our schedule demands to come and listen to a problem so overriding that it puts those things in the shadows.

Before we start, though, I'd like to introduce our mayor for a brief comment, Mayor of Pine Bluff, the Honorable Jerry Taylor.

Mr. TAYLOR. Congressman Mfume, Congressman Tucker, Congresswoman Lambert, and Congressman Dickey, on behalf of the city, I want to welcome you to Pine Bluff. I was just sure with this many Congressmen, we would have C Span here.

Small business is certainly, and particularly small businesses that impact on minorities are very critical to us. I didn't know if I could take this opportunity, but what I'd really love to do with this many Congressmen, I'd love to talk about unfunded mandates. I would love to talk about NAKTA, which I personally believe would help this part of the country, health care and all the other issues.

I realize that's not what you're here for today. I realize you're here to hear the problems of small businesses and try to come up with a plan to help small businesses. While this may be a little humorous, it also, I believe, indicates some of the problems that small businesses all over this country face.

I'll tell you a little story about—and Congressman Dickey is certainly a small businessman from this area and has been for a long time. He should certainly know some of these problems. But, anyway, a story about a small businessman in South Arkansas.

He had had problems with all the Federal regulations. The IRS has been riding him. The EPA was on his back and HUD was always coming to see him. EEOC was giving him problems.

So he had just about had it up to here with Federal rules and regulations. So one day, this young fellow from EEOC, that's Equal Employment Opportunity Commission, I believe that's right, came into his office rather matter of fact and told him that he needed—within 48 hours, he wanted the list of all his employees broken down by sex. He wanted it within 48 hours.

So the next day, he fired off a letter to Washington and said that he had counted up and he had 26 employees and he didn't know how many were broken down by sex, but he did have 5 alcoholics.

I really think that is indicative of some of the problems of small businesses. I know we've got a limit here, a time limit, but, again, on behalf of the city of Pine Bluff and all of our citizens, we're just glad you're here. We know you have a monumental task ahead of you and we hope you achieve your goals. Welcome to Pine Bluff. Thank you.

Chairman MFUME. Thank you very much, Mr. Mayor.

Mr. DICKEY. I'd like to introduce some other people, just to stand and give them applause, if you will. From the Governor's Office, Fred Allen, a very fine basketball player.

[Applause.]

Mr. DICKEY. From Senator Bumpers' office, Rose Hollins. Stand a little longer than Fred did.

Mr. DICKEY. From Senator Pryor's office, Darren Williams.

[Applause.]

Mr. DICKEY. We have a special guest, one who has traveled a long way to get to us, Senator Charles Jones from Louisiana. Where are you, Senator?

[Applause.]

Mr. DICKEY. What I want to tell you is that he is here because of his concern for the Delta and the problems of the Delta in Louisiana, Mississippi and Arkansas. This is to be a start, in a lot of ways, and starting to join hands with you, Senator Jones, is certainly one of our goals.

What Congressman Mfume has said is exactly what I wanted to say. I want to add one thing to it, though. This is a very serious matter. We have treated this problem of helping minorities and people of limited resources as a political matter in the past. We need to stop doing that. We need to treat it as a part of America's problem and not just for political reasons and during election time.

What my goal is and what we have joined up here in doing is saying that this problem is important for the United States, that we need to help the people who don't have hope, who don't have

self-esteem, who don't have the training and bring these people up so that we can become a stronger Nation. It's the weak link theory and we're here trying to make that weak link in our economy as strong as the rest so that we can be a better country together.

I want to thank each one of the people here, particularly, and I don't want to single out any one of the other three, but particularly Blanche Lambert, for coming here and seeing that this following is so great in our two districts and in our State, that we want to join hands, as representatives of Arkansas people, to help this problem and to bring some hope and some encouragement to people who want to do something, but just don't quite know how to do it.

I'd like to have my written statement put in the record, Mr. Chairman.

Chairman MFUME. Without objection.

Mr. DICKEY. With that, I yield back to you.

Chairman MFUME. Thank you very much. The Chair would recognize the distinguished gentlewoman from the 1st District of Arkansas, Ms. Lambert.

Ms. LAMBERT. Thank you, Mr. Chairman. I appreciate not only the opportunity to be with you today, but also the tremendous leadership that you have shown in Washington and around the Nation in many issues, especially those of the hardships of small businesses across the country.

Our people are known nationwide for their big hearts and their hospitality to travelers and we're very happy to have you and the subcommittee members here as our guests. I hope you have the chance to come back to Arkansas for a more leisurely visit and I would like to take this opportunity to invite you to visit the 1st District. Come back and see us, maybe even during the Helena King Biscuit Blues Festival. It's a big time over in my hometown and I'd love to——

Mr. DICKEY. No advertising.

Ms. LAMBERT. We'd be glad to have you there. I would also like to confirm for the record—I have worked hard at my committee assemblies in Washington and have been given some grief about it at times. I just want to make clear that I'm not working for the Committee on Small Business. So don't tell anybody in Washington I've been trying that.

Mr. Chairman, our party of the country is definitely known for growing things. One of the reasons I did choose to be on the Agriculture Committee is that we in Arkansas do grow things very well and we do it better than anyone else in the world.

We realized long ago that the best way to ensure our future was to plant our own seeds and to grow our own crops. Homegrown is always the best. We here in Arkansas are trying to apply the same philosophy to our businesses.

Arkansas has the talent and our people know how to work hard, but in some cases we need capital to get our projects off the ground, particularly in small towns and rural areas where capital is always in short supply.

This is one area where the Government can play an instrumental role in making sure that financial backing is available on an equal basis to everyone who has a good idea and is willing to work hard.

We are trying to take this issue as well as the new Chairman of the Delta Caucus, and I'm glad to see the Senator from Louisiana here, because we've been working with the seven States in the Delta Region, within the Delta Caucus, who recognize our special needs and concerns, to look for the critical ways in Washington that we can help make things happen for ourselves. So we look forward to working with you, Senator.

There is nothing more important to us in Arkansas, to my constituents in the Delta, than opportunity. We're full of good ideas and hard work, but what we need is a chance to turn those into goods and services and, most importantly, jobs and a good way of life for our families.

Arkansans don't want to wait for someone to give them something. They are willing to make it happen for themselves. We don't seek give-away programs. What we want is a fair opportunity for a small loan to get businesses going right here in Arkansas. We want to create jobs in our own backyards.

I have brought with me today some of the businessmen who have a stake in our future in the Delta of Eastern Arkansas, the 1st congressional District, and who are working hard to make sure opportunities exist for all Arkansans. They're out here in the audience with us and willing to work hard with us, as well as learn today. They're here to share with you and the subcommittee their experience and their suggestions about what's needed in the Delta area.

This hearing and your visit are most important, because we welcome the opportunity for your exchange of ideas and discussion here of the hurdles that we still have to overcome for minority small businesses. We need to do our homework to improve the delivery of financial services here in the Delta and across the Nation.

Thank you and the subcommittee members for your attention, for having me as a guest, and for your efforts. Again, we'd like to invite you all to come back at a later date to come visit us, as well. Thank you very much.

Chairman MFUME. Thank you very much. The Chair will recognize the gentleman from California, Mr. Tucker.

Mr. TUCKER. Thank you very much, Mr. Chairman. It gives me great pleasure to be here today with you and with my congressional colleagues here in Pine Bluff, Arkansas, a part of the country that, I must admit, I have not had the pleasure of visiting until now.

Although I come from a very different district, an urban inner-city district, there are some issues that are common throughout the entire Nation. One of the issues I know my district is concerned with and is obviously a concern here as well is the issue of small businesses' ability to obtain financing.

As we all know, there is a painful credit crunch all throughout the country. It is especially painful to the small businesses and the small business community that is particularly represented by minorities.

The access to credit is so important because credit is the life blood of a small business. The SBA's microloan program and the 7(a) loan guarantee programs are intended to get the much needed capital to the small businesses. I'm very interested in hearing how

the SBA has increased its efforts to utilize these various programs to reach out to the minority business community.

As the Chairman indicated, this is the second in a series of three field hearings. The first one, I'm very happy to say, was held in my home city of Compton, California. We learned a great deal there and I'm sure that we're going to continue to be edified today.

Although we're here in Arkansas, I'm sure credit and financing issues that concern the minority business communities in Pine Bluff are similar to the concerns all the way out there in Compton.

Again, it is a pleasure for me to be here today in Pine Bluff. I'd like to thank the Chairman for conducting this important hearing. He said at the beginning of the hearing he was coming and he has fulfilled his word, which just goes to show you that all politicians don't just promise and not fulfill.

I'd like to thank, also, the panelists for coming here today and testifying this morning; not only those from the administration, but those panelists who represent the business community who have taken time out today to let us know about their particular triumphs and trials.

Especially, I would like to thank my good friend and distinguished gentleman from Arkansas, Representative Jay Dickey, who strong-armed me—I mean who invited me to come down here. He was so gracious and so persuasive, that I could not refuse.

Truly, his concern and his dedication for the disenfranchised and for providing an opportunity for minorities in the business community epitomizes what bipartisanship and good and responsible representation should be about. I'm so happy to serve on the committee with him. We have developed a new and a great friendship over the last few months.

Finally, I'd like to thank all of you for coming out, the listening audience, and being supportive. Your presence here today evidences the reason why we should be encouraged, the reason why we should continue, and the reason why we must struggle through this to get to the other side.

Thank you very much, Mr. Chairman.

Chairman MFUME. Thank you very much, Mr. Tucker. Let the Chair note that we are particularly also happy to have this morning Sue Witber-Dier, who is the Rural Development Administrator, in the audience, the people from the 1st Congressional District, as the Senator noted earlier, and, from Louisiana, Senator Charles Jones, who made a particular effort to be here with this morning.

Chairman MFUME. We'd like to begin. The witnesses have been very kind and patient, as have all of you. On this first panel, we have Mr. Joseph Foglia, who is the district director of the Arkansas U.S. Small Business Administration; Ms. Julia Vindasius, executive director of The Good Faith Fund and the Southern Development BanCorp; and, Mr. Michael Jackson, chief executive office of the Delta Community Development Corp.

Mr. Foglia, I'd like to begin with you. Erskine Bowles, who is the Administrator of the Small Business Administration, could not be here. He sent me a letter and also called. He indicated that you would be here on behalf of the administration. I thanked him and thanked the President, as well, for making sure that the agency was recognized.

I'd like to begin with you and you may proceed in any manner which you see fit.

TESTIMONY OF JOSEPH T. FOGLIA, DISTRICT DIRECTOR, ARKANSAS U.S. BUSINESS ADMINISTRATION

Mr. FOGLIA. Thank you very much, Mr. Chairman. I'm pleased to be here to represent the Small Business Administration at this hearing today. We are just thrilled in Arkansas by the progress we've made with the SBA microloan program and our 7(a) guarantee program.

However, I must also say that we're not satisfied with our progress to date. I'm initially going to talk about the microloan program.

The microloan program was created by legislation authored by Senator Bumpers, the Senate Small Business Committee Chairman. The program started—it went into law in October 1991. The Senator was inspired from a radio show he was listening to as he drove through this very city about one of Julia's programs that you're going to hear about, the Good Faith Fund.

Arkansas was the first State to have a microloan program. We were the first State, in Camden, Arkansas, to let the first microloan and we now have 70 microloans that have been let through the Arkansas Enterprise Group and the Good Faith Fund. I think we lead the Nation. Somewhere in the area of 14 percent of all the microloans in the Nation are through the Arkansas Enterprise Group. I think that's just a fantastic statistic for a small rural State like Arkansas, and we owe that to Julia and the other folks of the Arkansas Enterprise Group.

Over the past 3 or 4 months, we have approved two more microlenders in Arkansas. One is with Michael Jackson, sitting two seats down from me, who represents the Delta Community Corp. His organization will cover five counties in the eastern part of the State.

The second microlender is the White River Planning District out of Batesville. They will be covering 10 counties in the northeast part of the State.

Are we satisfied with that? No, sir, not at all. We still have a significant part of the State that is not covered. In about a week or so, I'm meeting in my office with representatives from all three microlenders and a representative from the Senate Small Business Committee, to brainstorm ways to cover the rest of the State.

We think it's important that everyone in Arkansas have access to the microloan program. The 70 loans of the Arkansas Enterprise Group have, to date, amounted to around $589,000, with an average loan of about $8,000. Julia can correct me, but I think those figures are close, if not completely accurate.

We think that's just a super record, but, as I stated, it's not nearly enough and we're working hard to improve that record.

In the 7(a) guarantee program, our record is improving. If you take a look at the statistics over the past 10 years, SBA guaranteed an average of 120 loans per year over the last 10 years, until Fiscal Year 1992 and Fiscal Year 1993. In Fiscal Year 1992, we guaranteed 194 loans. This past year, Fiscal Year 1993, we guaranteed

277 loans. We think that's just a super increase and we're proud of that fact.

We increased the program level with an aggressive outreach program by getting out the message to all the communities in the State. We've had seminars in banks, Chambers of Commerce, and through various schools. We have the assistance of the Small Business Development Centers, Small Business Institutes, and the Service Corps of Retired Executives in this afford.

We've had some 77 seminars throughout the State on how to get an SBA loan. We also have had some 96 other speeches that we've made throughout the State and we always highlight 7(a) guaranteed loans, as well as the microloan program.

In order to provide additional information and support to the community, we have established three new SCORE chapters this year in Arkansas. Two of them are in the southern portion of the State, Eldorado and Camden. We have an existing chapter in Pine Bluff and one in Hot Springs.

We're trying very hard now to beef up our efforts in Jonesboro. We started a SCORE chapter last year in Jonesboro and we're working on Batesville now. We think it's important to have a corps of volunteers available to answer questions to small businesses, as well as provide information on how to get a loan, how to start a business, and answer all of the questions small businesses have on starting a small business.

Are we happy yet? No, we're not. We still think we have a long way to go. In my opinion, we've just scratched the surface. We're working very hard in the 4th District here to improve our activity.

In December, 1992, we looked at the number of minority loans we had made in the State to date and we had only made 11. But keep in mind our average minority loans for Arkansas per year was only 8. So in 1992, in December, we saw we only had 11 minority loans so far.

We contacted Congressman Dickey's office and came down and arranged a seminar with his assistants and the Small Business Development Center in the Worthen Bank here in Pine Bluff and we had some 60 people attend. I think that was key in helping us get more loans. We ended up with 22 minority loans this year in the State.

In conclusion, I'm going to finish my remarks now, by talking about an initiative that has been made possible by Erskine Bowles. He is proposing and sending additional resources from the Washington central office out into our field offices where there most needed. I received one additional staff person over the past 2 months and am scheduled to receive at least two more.

This one additional person that I already received has been assigned to increase minority participation in SBA Programs. We are focusing in the Delta area and in the southern portion of the State. Mr. George Stancil, is here with me today in the audience. He's an African-American, a long-time SBA employee who knows the community. He has already been instrumental in establishing many networking types of contacts throughout the State with minority groups to help us disseminate information about SBA and help to make SBA more user-friendly and attainable.

Right now, as was mentioned earlier, sometimes working with the Government can be very complicated. We are trying to dispel that mystique and help people gain access to our programs and help them utilize our programs much quicker and better.

I am pleased to represent Mr. Bowles. I am available to answer any questions and discuss any of these issues in more detail. I tried to keep to my 5-minute limit. My written testimony is in the record and there is a lot more detail in there about what I've mentioned.

Thank you very much.

[Mr. Foglia's statement may be found in the appendix.]

Chairman MFUME. Thank you very much, Mr. Foglia. Your entire testimony, as indicated earlier, will be part of the formal record. The Chair would like to recognize Ms. Vindasius. Thank you also for your patience this morning. Welcome to the subcommittee.

TESTIMONY OF JULIA VINDASIUS, EXECUTIVE DIRECTOR, THE GOOD FAITH FUND/SOUTHERN DEVELOPMENT BANCORP

Ms. VINDASIUS. Good morning. Welcome to Pine Bluff. It's really a pleasure to have you all in my new hometown. I'm Julia Vindasius. I'm the executive director of the Good Faith Fund here in Pine Bluff. We are a microenterprise loan fund that operates in the seven or eight counties of southeastern and eastern Arkansas, from our headquarters here.

We are a private, nonprofit program of Southern Development Bancorporation, a community development bank holding company that works in southern Arkansas.

It's difficult to separate my remarks about minority enterprise from community development banking generally. Our sister institution in Chicago, Shorebank Met Corporation, invested in the minority community of South Shore more than 20 years ago and set out to prove that a community-based financial institution could be an engine for revitalizing local markets in distressed communities.

My written testimony gives more background about Southern Development Bancorporation and gives some examples about some of our customers at Good Faith Fund.

Briefly, the purpose of our organization is to provide credit to economically disenfranchised individuals and to firms in disinvested communities whose credit needs are not being met. We also provide management, marketing and other business assistance to ensure that loans are successful and that borrowers build their capacity.

Probably most important to our organization, the Good Faith Fund, we offer a forum for people and firms to learn the necessary skills and develop the track records that will enable them to succeed in the mainstream marketplace.

I think the problem of developing minority enterprise in the Delta is a complicated one. Historically, the main source of wealth for our region has been plantations and landed estates, primarily white-owned, and Government-guaranteed commodities trades, which have not transitioned naturally into the kind of healthy local markets or an entrepreneurial culture that we need for a modern economy.

As a result, relative to other places, residents, particularly minorities and women, have few role models for small business own-

ership and weak links to business and financial markets. New and emerging entrepreneurs have limited or restricted access to appropriate and meaningful business information, training and technical assistance. In addition, banks are not often staffed with the kind of commercial loan officers that reflect the racial profile of the community.

This kind of awareness and service is all part of our community development lending agenda. I think, more importantly, conventional investors and particularly commercial banks have steered away from investing in their own communities, minority or otherwise, mainly because they are often driven to earn short-term profits.

Community development lending is far from a quick money-making venture. Given the enormous amount of recent consolidation within the banking industry, there are simply more national and regional mega banks and fewer community banks who make local entrepreneurs a priority.

Community development banking requires smaller loans, a local presence, more sophisticated lenders, and partnerships with like-minded developers and community organizations. In other words, it requires things which some bankers view as a drain on profits.

I want to say a few words about Good Faith Fund. We work solely with individuals who are self-employed. We operate like a membership organization and we currently have more than 160 active members, most of whom have completed a seven-session business training requirement.

Approximately 65 percent of our members are female and more than 75 percent are African-American. About 20 percent of our customers receive some kind of public assistance.

Most businesses are small service or retail customers. We cover eight counties. We just expanded in Phillips County, in Helena,—in the region with four loan representatives and three managerial and administrative staff. Seventy percent of our staff is minority.

Chairman MFUME. Julia, pull that microphone closer so they can hear you in the back.

Ms. VINDASIUS. As of this month, Good Faith Fund has made more than 125 loans, totaling over $320,000. Our average loan size is $2,600. The $8,000 average that Joe was talking about earlier is in combination with our colleague in Arkadelphia, who makes larger loans to small manufacturers.

While delinquency rates for us can go up to 15 percent—and because we're a private, nonprofit, we can tolerate those kinds of delinquencies—we've charged off less than 3 percent in the last 2 or 3 years. Of the 39 loans we currently have outstanding, 27 are to minority entrepreneurs and 29 are to women.

We have two basic loan products; the Peer Group Lending Program, where borrowers self-select into borrowing groups of four to eight people and name, review and approve loans for their members. That's our most popular program. First-time borrowers are eligible for up to $1,200 and repeat borrowers can step up to $5,000.

Last year, Good Faith Fund became a borrower in the SBA microloan demonstration program. With the incentive of that new capital, we developed a new loan product this year call our direct loan product.

Chairman MFUME. Ms. Vindasius, why don't you suspend for just a moment and we'll let all these students go. You may proceed.

Ms. VINDASIUS. Our Peer Group Lending Program is our most popular program. Last year, because we became a borrower in the SBA microloan demonstration program, there was an incentive of a new source of capital. With that, we developed a new loan package here that we call our Direct Loan. A Direct Loan can be up to $25,000 for established business owners.

We currently have eight borrowers that have outstanding direct loans. Four are minorities and two are women. Important to note is that none of our customers, peer group or direct or individual borrowers, minorities or majority, would be eligible for conventional financing.

While they have the will and the talent and the energy, none have the assets, the equity, the track record, the bookkeeping systems, the credit history or even the deposit relationships that are necessary to get a bank loan.

I have given a few examples in my written testimony of some of our customers who are examples of people who have will and energy that need some of that background and training.

But what I think I've learned over the last 5 years in running the Good Faith Fund is that money alone is not enough. Loans and technical assistance are symbiotic, since microentrepreneurs have both financial and nonfinancial needs, such as training, support, counseling and business analysis, that must be met to make these businesses and our loans viable.

In closing, I think it is important to recognize that many people in distressed communities really want to improve their life condition. Most are fundamentally credit-worthy. Minority low and moderate income residents will invest their money and their time and their energy and improve their community when they gain confidence about its future prospects and if they are provided the forum to safely tap their energy.

Positive community development is a long-term partnership between residents and the community-based financial institutions.

Finally, credit is an essential building block for development, but it is not sufficient. What works are intensive efforts that address the social and human development needs of the community and the entrepreneurs, not just their financial requirements.

As congressional leaders, your influence is needed to support programs like the SBA microloan demonstration program. It is truly an innovative and important Federal program. It fills a critical market gap for a key segment of the population in the business environment.

In addition, your support for President Clinton's community development banking proposal will be crucial for supporting community banks' development finance initiatives. The Senate Banking Committee apparently approved a modified version of the bill recently and I understand the House Banking Committee is supposed to act on the President's proposal next month.

Finally, please support any incentive or regulatory improvements that strengthen the Community Reinvestment Act. CRA has proven to be a useful tool for causing conventional financial institutions to reconsider their strategies for lending in their communities.

Our capital base at Good Faith Fund is adequate for our level of activity, but the need is much greater and banks have the capacity and should be urged to leverage much more investment locally.

Lively, active banks investing in the minority and poor communities of the Arkansas Delta would dramatically improve our economic dynamic.

I hope this has been useful to you.

[Ms. Vindasius' statement may be found in the appendix.]

Chairman MFUME. Thank you very much, Ms. Vindasius. The Chair calls Mr. Michael Jackson of the Delta Community Development Corp.

TESTIMONY OF MICHAEL JACKSON, CHIEF EXECUTIVE OFFICER, DELTA COMMUNITY DEVELOPMENT CORP.

Mr. JACKSON. Mr. Chairman, members of the House Small Business Subcommittee on Minority Enterprise, Finance and Urban Development, the Honorable Jay Dickey, and the Honorable Blanche Lambert, thank you for the opportunity to testify. My special thanks goes to Congresswoman Lambert for her of the 1st Congressional District who worked late hours, I know, to make sure that the 1st Congressional District participated.

The perspective that I bring to this hearing is diverse and practical. I am executive director of the Delta Community Development Corp., a nonprofit organization which owns a small manufacturing firm which builds building components, is in the process of establishing a small industrial park, which was approved this year for becoming a U.S. Small Business Administration microloan demonstration-site, and also recieved approval this year from the USDA intermediary relender.

To understand the tribulations of small business firms in Arkansas, you must first understand the tribulations of minority people. I serve a rural region of the Lower Mississippi Delta, which includes seven of the most distressed counties in the Nation, where the family poverty rate is as high as 39.1 percent and unemployment figures of 16 percent are not uncommon.

Seventy-six percent of African-American households have incomes of less than $10,000 and 46 percent of African-American households have incomes of less than $5,000. Traditional loan programs will not serve them because they have never had the income to meet equity and collateral requirements of traditional lenders.

The result is that whole generations of African-Americans are raised with the belief that they will never own a business. Some believe they will never own a car.

Other minority entrepreneurs, perhaps those of better means, still must deal with financial institutions which do not serve them, quite frankly, because the entrepreneur is a person of color. This discrimination is sometimes subconscious. People do business within a comfort zone. I am disheartened to say that for so long, the Delta Community Development Corp. had to say that the only African-American loan officer in our region worked for Delta CDC.

There is a call to be practical in our deliberations. Financing initiatives must work for the long term and lending must be sound. They must also recognize the generational gap in business development, that racism remains a factor and African-American lenders

are in short supply in and out of Government. We must serve people where they are, with their financial restraints and know-how.

I would like to develop two concerns and offer recommendations. The first is on access of capital. Capital formation programs must recognize the difference in the capital structure of minority communities. In Delta CDC's service area, only 72 African-American households have incomes above $50,000; 11.88 percent of the income is from public assistance and 1.5 percent of the income is from nonfarm self-employment.

These data project the equity and collateral problems that create a distance between minority firms and traditional lending. People don't have the income to save and create the equity that traditional lenders seek. Government, through tax credits and other programs, can help create equity pools that can help solve some of these problems. Government should review the successful State programs of North Carolina and the intent there to create a $20 million equity fund for investments into minority firms.

Government also could reconsider its lending criteria under the SBA 7(a) loan program to create additional direct lending to minority firms through the regional structure which oversees the handicap assistance loan and Veteran's loan programs.

SBA could easily restructure the old economic opportunity loan program, which, after the quality loan programs of President Ronald Reagan, stopped serving African-American people in Arkansas at all.

Another problem is the small number of lenders who are sensitive to minority firms. I do not believe that a lender must be African-American to make loans. However, the effect of few or no minority lenders is tragic and unnecessary. In fact, SBA should examine itself. Unless things have changed over the 3 years since I've left the Government, SBA should be ashamed.

I am proud to say that in Arkansas, Bob Pruitt, our associate administrator for MSBCOD, was recently promoted to A.A. of finance. I'm also proud that the District Director, Joe Foglia, has encouraged his people to get out and participate in minority lending. Joe is a different kind of director and I value that.

It would be helpful, however, if SBA could review potential loan guarantees in advance of bank conferment. The current program sends minority firms to the same banks that have declined them all along, sometimes for poor reasons. Countless companies get turned down before SBA sees a package and I think some of them have good packages.

Also, just as SBA has done more to emphasize small loans by reducing guarantee fees, find a way to emphasize working capital, because we have more trouble getting the working capital than anything.

The SBA microloan demonstration program is an excellent attempt to meet people where they are. Many persons don't need a lot of money to start businesses. These very small loans are not bankable simply because there is not enough profit in them.

It is logical that nonprofits do this lending. I think the committee should do more to ensure that African-American-run organizations participate as lenders, that microloan lenders employ African-American loan officers, and that the program's 15 percent cash

match requirement does not prevent the formation of more minority lenders.

Finally, technical assistance. If lending is to be successful in minority communities, we should recognize the first generation business phenomena. That is there are fewer business parents available to teach minority youth about entrepreneurship. It should not be acceptable to turn people down for lack of experience and not be wise enough to create support mechanisms to help them. I can think of two things to do.

First, support youth entrepreneurship programs and encourage school-based teachings. Arkansas Human Development Corp. has been a leader in this. I encourage the committee to review AHDC's track record and the training curriculum of the Grandville Institute of Virginia. In the AHDC Youth Entrepreneurship Program, they teach kids how to go into business and then they make them the loans to do it.

I argue that the results will be seen for years to come and the real impact is probably 10 to 15 years away. But kids and businesses are investments. Let us not keep trying to jump start a generation. Let us invest now. Let's stop raising kids to be good workers. Let's teach them how to create wealth and be employers.

Second, we must delineate technical assistance and management assistance and then encourage management assistance. To me, this means providing direct services which allow the entrepreneur to concentrate on his business. Many businesses fail because the entrepreneur is also the accountant, the sales representative, the marketing manager, the janitor and the cook.

Direct management assistance would allow the entrepreneur to concentrate on the business at hand and would reduce another disadvantage that undercapitalized firms have; that is not being able to hire qualified people for technical matters.

Keep in mind, however, that you should find a way to make minority controlled firms and community economic development organizations the providers. This will retain the sensitivity of the mission.

Much could be done with the SBA 7(J) Program.

In Arkansas, however, the contract has been so underfunded in the past that it was not meaningful, in my opinion, 5 or 6 years ago, a $28,000 contract was the contract for the entire State of Arkansas. Also, the Commerce Department MBDC Program could be expanded to cover more rural areas.

In closing, it has been an honor to be here. I have been blessed by God to spend a small portion of my career with some of the best people I know, people who are serious about this work of community development and believe that there must be a set of risk-takers.

Delta CDC is community-based. Our loan fund, which is now $1.4 million, began with $98,600 in investments of loans and equity from other community organizations. We are expanding our thinking on having the community invest in its own development because we feel that there is much the community can do to help itself.

Therefore, we don't spend much time talking about what others are not doing, but we are looking for partners. We hope you will

be our partners, so that more minority and small firms can be started, more people of color can become owners and more people can see hope in their future.

Thank you very much.

[Mr. Jackson's statement may be found in the appendix.]

Chairman MFUME. Thank you very much, Mr. Jackson, and thanks to all the members of this first panel. We have a few questions before we release you. If I might, Mr. Foglia, your testimony, as I've been able to review the written statement I have, does not seemingly adequately address some of the questions that I asked in my letter of recommendation.

Specifically, I wanted to know the number of 7(a) and microloans denied; not how many have been awarded, but how many also have been denied, broken down by ethnicity, by gender and by industry classification.

Can you speak to that for a moment, please?

Mr. FOGLIA. I can speak for the 7(a) Program for the past fiscal year. We don't have records on the microloan and denials. The microloan program decisions are made by the microlenders. We are not involved in their credit decisions.

Chairman MFUME. Aren't we interested in why they deny people, though? It seems to me if they're going to participate in an SBA Program, we ought to have some interest as to why people are being denied, so that we know what we might have to do in terms of corrective action.

Has the SBA ever asked to be privy to this information?

Mr. FOGLIA. To date, the program has been handled out of Washington and we're just given informational reports. But I will make a point to ask all three microlenders quarterly information such as that, approvals, denials, etcetera, and we can see if there is any kind of pattern or anything. I think that may be what you're getting at.

Chairman MFUME. That's exactly what I'm getting at. I appreciate the SBA making loans, as you indicated, 11 this year as opposed to the average, which was 8. But I'm also interested in why people are being turned down and who those people are by gender and by ethnicity, because it may suggest a larger pattern.

I don't know how we correct the problem unless we know what's causing the problem.

Mr. FOGLIA. In our 7(a) loan program, we had 277 approvals and 13 declines. The one minority who was declined was an Asian-American. The rest were all Caucasian.

Chairman MFUME. What was the rate or ratio of the microloan program?

Mr. FOGLIA. For microloans, I don't know.

Chairman MFUME. Is that a higher percentage, do you think?

Mr. FOGLIA. Maybe Julia can speak to that.

Ms. VINDASIUS. I can speak for our participation in the microloan program. None of our customers really are denied as long as they're willing to do their homework and go through it in the peer group lending program. We haven't had very many inquiries on the direct loan program.

A lot of our customers that go through the direct loan program usually just sort of never get their information in. They sort of in-

quire about the program, but they may not get all their paperwork together. We do a lot of training and technical assistance in helping to guide people through the process and trying to make it easy.

But the intention of our program is to try to make the loan, not to try to deny the loan.

Chairman MFUME. So if you're not denying, then is it fair to assume that the other intermediaries that are covering the Arkansas area are the ones that are denying some of the microloans?

Ms. VINDASIUS. No. I think that, Michael, you should speak to this, as well. I think the microloan programs are set up and the capital is being used depending on the program guidelines and restrictions unique to each intermediary. So it just depends on each intermediary's own rules and regulations.

Chairman MFUME. So they're not universal, then.

Ms. VINDASIUS. No.

Chairman MFUME. They vary.

Ms. VINDASIUS. The beauty of this program is that it is a decentralized program. The SBA has lent capital to various intermediaries to re-lend to their customers based on their own guidelines and rules and regulations.

Chairman MFUME. Mr. Foglia, do you review those guidelines since they're all different, apparently?

Mr. FOGLIA. When the intermediary applies to be part of the program, they submit their plan on how they expect to use these funds to our Washington central office and they are reviewed centrally and then approved centrally and then we're just told in particular States who has been approved.

Chairman MFUME. But my question is not how you're going to use the funds. I heard, I thought, that there are different regulations on how they're awarded.

Ms. VINDASIUS. Not on how they're awarded, but on how—each program, obviously, has its own guidelines about how—their own lending guidelines.

Chairman MFUME. Does the SBA headquarters approve these applications just as they are, without any consequences to a region, recognizing that different regions in this country may have different intermediary lending guidelines.

Mr. FOGLIA. They look at the number of intermediaries per State. Right now, we're permitted to have four microloan intermediaries per State. As far as I know, that's the only restriction.

Chairman MFUME. Could you get the information for me that I requested on denials? I also asked for the number of new business incorporations.

Mr. FOGLIA. That's something that we don't have available.

Chairman MFUME. Absent from your testimony. Is there a reason why?

Mr. FOGLIA. They told me in Washington that they don't keep those types of statistics, SBA doesn't. We could attempt to get them through another agency.

Chairman MFUME. But you don't keep any.

Mr. FOGLIA. No.

Chairman MFUME. Are you interested in them?

Mr. FOGLIA. Yes, I am.

Chairman MFUME. I also asked for the number of business failures.

Mr. FOGLIA. We don't keep those statistics either, sir.

Chairman MFUME. Are you interested in the number of business failures?

Mr. FOGLIA. Yes.

Chairman MFUME. Failures in this region? I asked for the number of bankruptcies by ethnicity and industry.

Mr. FOGLIA. We don't keep those either.

Chairman MFUME. Mr. Foglia, I would strongly suggest that you may want to look at the current operation here and maybe assume that statistics like the number of business failures and the number of bankruptcies, number of denials, are things that might mean a lot in terms of trying to suggest to this committee or to Mr. Bowles in Washington how we might be able to strengthen what we can do here.

I've got one other quick question and then I'm going to yield to my other colleagues. I noticed, based on your written testimony, in Exhibit A, that there are 25 counties in Arkansas without any microloan intermediaries whatsoever.

Can you tell me why that is?

Mr. FOGLIA. Because SBA relies on intermediaries to apply for the program. In Arkansas, we've had three intermediaries apply. They've all been approved. The Arkansas Enterprise Group covers 32 counties in the southern part of the State. The Delta Community Center covers five counties in the eastern part of the State. The White River Planning Center covers 10 counties in the northeast part of the State.

I think I mentioned that we are working next week as a group to try and brainstorm ways to have another intermediary come in to cover the rest of the State or find ways for the existing intermediaries to expand their coverage. We think it's very important to have the whole State covered, but the intermediaries must apply.

We're trying to act as a catalyst and a facilitator to have that happen.

Chairman MFUME. I was just a bit concerned and interested, because the entire northeast section—part of the northeast section and almost the entire northwest section of the State, the people there just have no microloan intermediaries at all working on their behalf or making themselves available.

I would encourage you in your efforts to expand intermediary coverage.

Mr. FOGLIA. Thank you.

Chairman MFUME. Any way you might be able to help facilitate it. Let me yield to the ranking minority member, Mr. Dickey.

Mr. DICKEY. Joe, if you will, if a person of limited resources wanted to start a trucking business in Arkansas, hauling, give us, in as short a version as you can, exactly what that person would have to go through. I think you probably need to pull that mike a little closer to you. Exactly what that person would have to go through.

Mr. FOGLIA. If they called us for information on obtaining a loan, we would have them come into our office and talk with us. We have

meetings every 2 weeks, 2-hour meetings that we give to people who are interested in receiving loan information.

We would talk to them about business training, technical assistance that's available, and where to get it. All throughout the State we have coverage through the Small Business Development Center of specialists who are available to help individuals put their business plan together and put a loan package together.

These specialists also know which banks in their particular areas have worked with SBA and are willing to work with SBA. Many times—well, I would say just roughly about 40 percent of all our loan applications that we get that are approved go through the Small Business Development Center system, where the loan packages are actually prepared by the Small Business Development Center for a client, like a hauling company.

Mr. DICKEY. All right. Now, how long does that process take?

Mr. FOGLIA. It's a free service. It can take several months to get all the paperwork together.

Mr. DICKEY. Is there any particular problem with bonding in that circumstance?

Mr. FOGLIA. For construction?

Mr. DICKEY. No. This is the hauling, the trucking firm to haul——

Mr. FOGLIA. Not that I'm aware of, Mr. Dickey.

Mr. DICKEY. There's no bonding agency required.

Mr. FOGLIA. Not that I'm aware of.

Mr. DICKEY. What about a contractor's bond?

Mr. FOGLIA. Contractors are required, in selling to the Government, anyway, they're required to have a bid bond and a performance bond for any contract over $25,000 with the Federal Government. SBA also has a bonding program to help firms. That's handled out of our Dallas office for this region.

Mr. DICKEY. Now, what chance—let's just say that this person has $100,000 net worth. What chance is there that this limited resource person could get a loan?

Mr. FOGLIA. First, we'd have to see the whole package, but we would try real hard to find ways to help approve the company. We're looking for ways to help companies obtain financing and technical assistance that they need, not looking for ways to turn them down.

There is assistance, technical assistance to help, as well as our financial counseling.

Mr. DICKEY. That's all the questions I have.

Chairman MFUME. Mr. Tucker.

Mr. TUCKER. Mr. Foglia, you mentioned in colloquy with the Chairman about the intermediaries, and, obviously, there is some deficiency, in certain portions of Arkansas. My question is to your understanding that intermediaries are obviously essential and important to providing access to newer businesses, in your understanding, what is the criteria for accepting intermediaries? Even though I think you intimated that comes out of Washington.

Mr. FOGLIA. They must be a nonprofit entity. They must have a year's experience in making small loans, microloans. They must have technical assistance available with—also in conjunction

with—loaning money. Key to the program is the technical assistance that's provided.

SBA, in conjunction with providing loan funds, also provides a 20 percent grant of the amount borrowed to the intermediary to help provide technical assistance to the microborrowers.

Mr. TUCKER. Are you intimately involved in that selection process, for example, with GFF, Good Faith Fund? Were you instrumental in the process by which they——

Mr. FOGLIA. No. We were not involved at all, other than acting as a facilitator, soliciting potential intermediaries, making sure they were on the list to receive the information from the central office, and answering any questions that we could, in general.

Mr. TUCKER. In fact, based on your earlier comments and testimony, you had intermediaries who applied, but because, for example, in the eastern portion of the State and other portions, you did not get applications from intermediaries. Now, you realize you can go on outreach and get more facilitators.

Mr. FOGLIA. Mr. Tucker, the last fiscal year, in Fiscal Year 1992, we had one intermediary, the Good Faith Fund. I put in my strategic plan this past year that we would approve or help approve, because we don't do it out of our district office, at least one more. We actively went out and talked to 17 potential intermediaries in face-to-face meetings, and provided them with written information to help them decide if they wanted to apply for the program.

We were successful in helping the Delta Community Corporation and also the White River Planning District gain approval by providing them with information and answering their questions and acting as an encourager to them.

We were not successful in getting a fourth and we're still working on that.

Mr. TUCKER. That means that you didn't get your——

Mr. FOGLIA. Yes, sir.

Mr. TUCKER. [continuing]. very soon. Even though it may be a little premature, do you think that the best course or road to take at this point would be to expand the capacity of some of your current intermediaries or are you still going to pursue the course of trying to get a new one?

Mr. FOGLIA. The nature of the intermediaries generally are community-based and they want to work in their own communities. It's difficult for them to go into the northeast part of the State or the north part of the State if their community base is the southern part of the State.

I think what we need is to have more intermediaries allowed by the law. If we could have six or eight per State, that would be very helpful in Arkansas, as well as in other States.

Mr. TUCKER. The limit right now is?

Mr. FOGLIA. Four.

Mr. TUCKER. Four. You talked to Washington about expanding that number.

Mr. FOGLIA. In general terms, sir.

Mr. TUCKER. Can we work with you to make some specific recommendations?

Mr. FOGLIA. Yes. I would like to do that.

Mr. TUCKER. That would hit the nail right on the head in terms of what you obviously recognize is a very——

Mr. FOGLIA. It is a need here in Arkansas and I'm sure it's a need in other States.

Ms. VINDASIUS. I should add that there are many States who have no intermediaries. Arkansas is one of the few States that has three. There are a lot of States in the SBA microloan program where they have had no applicants at all. So there's the coverage. They would like to have national geographic coverage with the SBA microloan program, but they have not been successful in soliciting applications in every State.

Mr. TUCKER. In those States that don't have any intermediaries——

Ms. VINDASIUS. Virginia is one.

Mr. TUCKER. What is the state of affairs, so to speak? Does the program continue or there just is no——

Ms. VINDASIUS. Unless there is an intermediary that is willing to apply to borrow the capital from SBA, there is no microloan program.

Mr. TUCKER. So there is no Plan B. There is no alternative when you don't have an intermediary. Is that what you're saying?

Mr. FOGLIA. That's correct.

Mr. JACKSON. I think that the program is funded for at least a couple more years. It's a 5-year program and it's about $80 million. But I think that one thing that the panel may want to be aware of is that northwest Arkansas probably has a total of 12,000 black people all together and about 4,000 of those are in one city.

So as far as increasing minority entrepreneurship, there just aren't many black people there. There's an incredible amount of wealth and unemployment rates are 3 to 4 percent. The other thing is we are a community-based organization. We serve seven continuous counties.

One of the things that SBA was mindful of in their decisionmaking on microlenders was not to have overlapping lending. In fact, during the SBA's review process, we lost a couple of our counties. We are not allowed to make SBA microloans in Phillips County or in Woodruff County, as a result of those being petitioned off in favor of other microlenders.

Mr. TUCKER. Let me just say that I appreciate your comments. The need for the intermediaries is probably evidenced greatly by the things that you do in your Good Faith Fund in terms of technical assistance. But I would also strongly underscore, I believe, the Chairman's point in terms of your involvement, Mr. Foglia, district or regional involvement with the intermediaries, particularly as it relates to what you just seemed to suggest, which is programs for 5 years or for another few years.

If, in fact, this program is going to be rolled over, in fact, if the Congress is willing to support a more expanded mandate on this program, I think that we need the kind of information that will justify that. The kind of information that we need to see in that total picture would be the denials, would be the other information the Chairman requested.

So I would encourage you, Mr. Foglia, to work more closely with the intermediaries to get that information so that we will be in a

good position, a good stand to be able to recommend to the Congress that this is the kind of program that is, in fact, not—not that it questions your integrity, your good faith, but that that certainly we have the information and statistics to be able to justify the continuation and expansion of this program.

Ms. VINDASIUS. I would certainly take that as making sure that somehow there is some reporting about denials, but we are required, as one of the intermediaries, to make quarterly reports to the SBA office in Washington about our performance. Every loan has a separate form that we will send out to explain the nature of that particular request.

Mr. JACKSON. We're required within 7 days of making a loan to submit documents to SBA describing that loan. I believe includes race information, too.

Chairman MFUME. Thank you very much, Mr. Tucker. My staff has advised me, again, Mr. Foglia, that the SBA publishes, by region, annually, those statistics. That's why if you don't have them, I would strongly suggest that you call Washington to get that and perhaps share them with all the intermediaries so they may have a better idea of what the overall landscape is like.

The Chair would like to recognize Ms. Lambert.

Mr. LAMBERT. Thank you, Mr. Chairman, and thanks, again, to my colleague, Mr. Dickey, for his gracious invitation to join you all.

A lot of issues have been touched on. You talk about the turnaround time and the startup time of working with SBA applications. We found that in our district, we held a hearing or town meeting on some farmer's home loans that were available to people in my district and in the State that were basically with no down payment, down payment free.

The problem we had—people heard about these loans. It was great. But the problem was in the 1st District, we didn't have one lending institution that had applied to be qualified to administer those loans. I think that that's real critical if we're going to see success of what the Small Business Administration is so very capable of doing, definitely getting funds out to the people who can lend them.

We're pleased to see that we do have three intermediaries and we'd certainly like to see us working toward that fourth. I'd like to see us take advantage of everything that's out there.

One of the things that I feel like is probably a critical aspect of this is education. I'd like to ask each of you how do you feel about an education program for microlenders. Is that somewhere where the SBA could be more helpful in introducing people to the microlending program, getting them involved, and getting more applicants to the SBA to actually get the money out to people who need it?

Mr. JACKSON. I think more organizations would be inclined to apply, but I also think that in terms of microlending, there are some organizations, for example, the National Association of Community Development Loan Funds, who are the best trained.

But I think the thing to keep in mind is that when an organization decides to become an intermediary lender, whether it's IRP or the microlending unprovision program, what you are doing is taking on debt, debt that you have to pay back regardless of whether

or not your borrowers pay back. You have to look at it from that standpoint.

I was in a meeting in Atlanta last Monday and there was a briefing on the USDA IRP Program, which is one of the loans, for which we were just recently approved. There was a great discussion about risk. We just approved our first loan yesterday, in fact.

Ms. LAMBERT. Congratulations.

Mr. JACKSON. Thank you very much. There was some concern among the other nonprofit organizations there of whether or not they really wanted to be a part of this, because when we sign that document, we're agreeing that we're going to accept a million dollars worth of debt. It's 1 percent money, that's great, but you have to pay it back and some organizations just are not that risk-oriented and they'd have to live with that risk.

I think it's the same thing with the SBA microloan program. Our cost of the money is about 3½ percent because the Federal Government and SBA buy down the interest. We can change costs to 8 percent over the Treasury rate. But you have to remain—it's a loan to the intermediary, not a giant.

Ms. LAMBERT. Certainly.

Ms. VINDASIUS. The education component is important. There really are very few, in Arkansas, community-based organizations that have the kind of capacity to manage capital the way that Michael just described or have the kinds of systems in place in order to be a viable financial institution.

That's changing little by little. I'm on the Board of the Association for Enterprise Opportunity and the National Association of Community Development Loan Funds. Both have intensive training programs available for community-based financial institutions and microloan funds.

Good Faith Fund is hosting, next week, on Friday, a practitioner exchange with microlenders from around the country. A lot of new and emerging programs from this area are attending to just focus on managing portfolio, delinquency and default kinds of things.

So there is a lot of initiative, a lot of microlenders across the country to try to educate themselves and try to be more reliable and set some standards for their performance so that they can maintain some longevity in this, because it's a long-term task.

Ms. LAMBERT. Do you think there's adequate technical assistance in that education process or do you think that it would be beneficial to have that type of technical assistance from the SBA?

Ms. VINDASIUS. There's always a need for more. We are all funding our own education process and trying to get to be better lenders and better capital managers. There is not enough—there's not a lot of money always for technical assistance and training, both for our borrowers and for ourselves.

So the efforts have been mostly self-funded and self-initiated.

Mr. JACKSON. Ms. Lambert, I would suggest that if you did something like that through SBA, that you do it buy funding SBA and having SBA contract with organizations that are lenders as opposed to having SBA staff do that training.

Ms. LAMBERT. Definitely, those that have been experienced like yourself. That was kind of the question for you all, was what kind

of technical assistance did you get and do you feel like it's adequate.

Ms. VINDASIUS. The SBA has funded jointly with another public policy organization in Washington, DC some forums in Washington to help some of the SBA lenders.

Ms. LAMBERT. Just one more quick question. I'm trying to keep the 5-minute rule. Any assistance that you all think—is there any assistance out there or do you think education on assistance to steer minority businesses away from the nontraditional lenders, is that out there? Do you see that?

Mr. JACKSON. We don't want to borrow from lenders. We want them to make good decisions based on packages that are presented. We don't want to be turned down because we're African-American.

Ms. LAMBERT. Sure.

Mr. JACKSON. Now, part of the thing I think that certainly Julia and I keep in mind is that one of the things we like to see our people do is graduate and become too big for our microloan programs and have traditional lenders develop a relationship with them so that we can use our funds to lend to other people who otherwise won't get it.

The $5,000 loans the bank will not make just because it doesn't make the bank money.

Ms. VINDASIUS. I'd say the same thing. The whole point is to try to get financial institutions to be partners in supporting local entrepreneurs. So there is inherent in our work a philosophy about graduation. For us, our small peer group loans are up to $5,000. We think there's an intermediary step; the direct loans up to $25,000 instead of small loans, they might use a larger loan with us. They might do the same with Michael's Program and then eventually build a credit history and the assets and the equity that they need in order to be able to be a viable bank loan.

Ms. LAMBERT. I would just encourage you, Mr. Foglia, that any information that you need help with in the Delta region or in eastern Arkansas, we are very interested in seeing those intermediaries and certainly the needs of the people or those that are neediest certainly seems to need assistance, we'd be glad to work with you.

Mr. FOGLIA. I've already talked to Mr. Blackwell. We're planning to meet and talk about those very topics.

Ms. LAMBERT. Great. Thank you.

Chairman MFUME. Thank you, Ms. Lambert. The Chair wishes to thank Mr. Foglia, Ms. Vindasius, and Mr. Jackson for your testimony. We are still moving in a rather truncated fashion, as I indicated before, and, as such, I'm going to dismiss this panel and call the next.

The Chair wishes to call Mr. Alvin Blackwell, Mr. Dave Ashley, and Dr. Lula Lang, please. Again, thank you. I appreciate your time and testimony.

[Applause.]

Chairman MFUME. The subcommittee will come back to order. The Chair, again, is happy to receive the testimony of Mr. Alvin Blackwell, president of AEB Consultants; Dr. Lula Lang, a dentist in private practice; and Dr. David Ashley, a member of the National Association of Minority Auto Dealers.

Let me also, on behalf of those of us here, apologize for the time problem that we are facing. Some of us have flights. We wanted to have a 2-hour hearing and did not want to go by without hearing the testimony that you have for us. I'm going to ask, if you would, that you simply truncate your remarks. We have already received unanimous consent that that your entire statements will be a part of the formal record.

I am assuming that if there are questions from other members of the committee who are not here, you will be prepared to answer those by mail. We'd like to proceed pretty much in the order in which I have recognized you. Mr. Blackwell, if you would move ahead, I'd appreciate it very much.

TESTIMONY OF ALVIN BLACKWELL, PRESIDENT, AEB CONSULTANTS

Mr. BLACKWELL. Thank you, Congressman. Distinguished Chairman and other committee members, I'm Alvin Blackwell, president of AEB Consultants. I'm here primarily because of the efforts of Congressman Dickey's office in trying to help us, assist us with problems that we've experienced with the Department of Energy and other contractors.

I recognize that this subcommittee hearing is basically based on the fact that we're looking for opportunities to acquire financing. My company has been able to go out and acquire financing. However, the problem we have is that after you've acquired the financing—I have to give you a little bit of my background.

I grew up here in south Arkansas, one child out of a family of 13. Basically, I paid for my high school and my college education, worked very hard to get where I am. After getting out of school, I went to work for Arkansas Power & Light Company and the Environmental Protection Agency. I went out and founded a company after being laid off at AP&L.

Right now, we are the only radiochemistry laboratory in the country. We do work for the Department of Energy. We are a very high-technology industry. Yet, after being able to go out and work very diligently to acquire financing through banks and—well, not through any banks, because we have not been able to acquire any financing through any regular bank. But we have been able to acquire financing through Southern Ventures, Inc., which is an equity lender, and also through Arkansas Capital Corporation, who is a fixed asset lender.

We've been able to acquire about a half-million in loans. However, the practices I have entered into my testimony, based on Department of Energy and some of its prime contractors, threaten basically to negate or basically to prove those lending opportunities would be bad decisions, based on the fact that we've experienced problems with our prime contractors.

We had a situation where we finally got awarded the big contract that we felt would create and keep jobs here in Pine Bluff. The contractor acted very erratically with us and basically has issued a stop work order on that contract, which cost the loss of 10 jobs here in this depressed economic area.

So we flew off to Washington to enlist the help of Congressman Dickey. Congressman Dickey was very helpful in talking with the

Secretary of Energy and trying to get some action, because the people wouldn't even talk to us.

However, Congressman Dickey's efforts seemed to have went for naught, because the contractor simply came down and did an audit on us after we had laid off our staff and said that we weren't capable of performing the work, primarily because we had laid off the staff because of their stop work order.

So it would appear that Congressman Dickey's efforts were kind of——

Mr. DICKEY. I'm not through yet.

Mr. BLACKWELL. Thank you. Primarily, as I say, we're the only minority institution, to my knowledge, that provides this type of service to the Department of Energy and there's a number of public laws and other programs that we should have been able to take advantage of that we basically haven't.

Every contract that we've gotten—we're an 8(A) certified firm; yet, we've not yet, to date, gotten one contract through the 8(A) Program. Every contract that we've been able to acquire, we've acquired it through full and open competition. After even acquiring those contracts, we have the prime contractors threatening to take them away from us.

In closing, I'm basically wanting to say that I'm not here asking for a handout or anything like that. I basically want the opportunity to acquire contracts, finance them and participate without bias based on the fact that we're a minority company. In the particular technical field that I'm in, it's very difficult to do so.

[Mr. Blackwell's statement may be found in the appendix.]

Chairman MFUME. Thank you very much, Mr. Blackwell. Dr. Lang.

TESTIMONY OF LULA LANG, DENTIST, PRIVATE PRACTICE

Ms. LANG. Thank you. Mr. Chairman and other members of the subcommittee, I'd like to thank you for asking me to be a part of this hearing today.

In summation to my written statement that has already been obtained by you, I would like to mention one particular barrier that a lot professionals encounter when coming out of school and trying to set up their own business, and that particular barrier is that when we try to seek finances to open up our own private business, we are not looked upon totally in terms of our background and what we have to contribute to that particular business.

More or less, we are focused on in terms of one component of our background, which is simply the credit history and that's it. Thank you.

[Mr. Lang's statement may be found in the appendix.]

Chairman MFUME. Well, thank you very much, Dr. Lang. Mr. David Ashley.

TESTIMONY OF DAVID ASHLEY, MEMBER, NATIONAL ASSOCIATION OF MINORITY AUTO DEALERS

Mr. ASHLEY. Thank you very much for allowing me to participate, Congressman Dickey and Congressman Mfume. My name is David Ashley and I'm the owner of a new car dealership in Magno-

lia, Arkansas. I've been operating this business since August 1, 1991.

It is the opening of this business that will always stand out as one of the proudest moments of my life. But this proud moment would not have been available if it had not been for the Small Business Administration believing in me and my idea.

Today I sit before this committee in testimony of my experience with the Small Business Administration. The application process of the administration is in question and the length of time that is spent to get a loan is also suspect to this committee.

There have been a lot of applications turned down by banks. A lot of applications and a lot of ideas have been killed by the manufacturers. I suspect the Small Business Administration has made their fair share of mistakes, as well. However, they didn't make many on my loan package. The one mistake that was made on my loan was the question of subordination of loans.

I applied for my loan on December 22, 1990 and my approval was granted on January 4, 1991. You may be wondering why, if my loan was approved, it took so long to open the company. I believe that the hardships were because the SBA did not have the power to enforce written and verbal agreements between myself and the manufacturers.

Dealing with manufacturers can be an up and down experience. They offer clear-cut objectives and sometimes they don't expect those objectives to be reached. I call this my Wizard of Oz theory. Like Dorothy in the Wizard of Oz, we all know the story, the Wizard told her to go out and kill the witch and bring back the broom as proof. Well, he never thought she could do that.

Some banks and some manufacturers operate on the same principal. They give you objectives and they underestimate the character of the human spirit. In your travels, make sure that you ask how fair the objectives are. If they are reached, it's only fair that the applicants should get the rewards.

There must be some type of enforcement on those written and verbal agreements between the manufacturers, the banks, and the applicants for these loans, with no retaliation. The application process for my loan was an easy one. The application consists of a business plan, loan materials and promissory notes, a list of collateral, and the letters of participation. The letters of participation to me were the most important part of my package, because the manufacturers had made agreements to participate and they had given me their terms.

Also, my sponsoring bank had made agreements to me and they've given me those terms. Every SBA loan has at least four institutions involved; the SBA, the sponsoring bank, the manufacturer of the products and the applicants. Naturally, having been an applicant, I believe that the applicant is the most important of the four. My very success was paramount to the success of the whole project.

In August of this year, the members of the National Association of Minority Automobile Dealers came to Washington, DC to talk to the Congressmen and Congresswomen. We outlined five issues, but the issue that was of most concern was the issue of access to capital. There are 500 other minority dealers in the country and the

one component that ails every one of our companies is access to capital.

In closing, I would like to thank you again for allowing me to participate. I never want to miss the opportunity to do great things. I believe that the children of this State need me and the community needs people like me and they need to know that we can do great things without being able to shoot a basketball or play sports.

They need to know that if we then tried can we have success, being average people, that we can succeed! I believe that I'm a good example for that and I thank you for allowing me to be here today.

[Mr. Ashley's statement may be found in the appendix.]

Chairman MFUME. I thank you and my thanks to all three of you, particularly for understanding and accepting the fact that we're under this time constraint.

Let me just say, first of all, Mr. Ashley, that I'm glad to know that you have a good working relationship with the SBA. Oftentimes, we travel, on this committee, this year and in previous years, and we've heard horror States. We have been elated at the President's selection of Mr. Bowles to head that administration, because of the commitment that both the President and he bring to it.

I would only urge that whatever relationship you have nationally continues and certainly your relationship regionally with Mr. Foglia here in the Arkansas area is one that grows, as well.

I am interested, just quickly, in this whole idea of being turned down by banks, which I can assure you is not germane just to Arkansas. It's a national problem. As a senior member of the Banking Committee, we have been after the banks and we have been trying to get legislative reform, interstate banking and branching, expand powers, to recognize, as Ms. Vindasius said earlier, that they have a commitment, an inherent commitment, allegedly, to go through and see that the CRA is carried out.

There is also another basic inherent commitment to work with individuals, regardless of their gender or their race or their region, who are good risks, to make loans and to follow through on them.

In fact, both of you were turned down by banks. In your instance, it was basically the equity lenders and the fixed asset lenders who helped to get you on your way. In your instance, it was the SBA.

Can you just quickly tell me with respect to equity lenders here in the State of Arkansas and fixed asset lenders, are there enough to meet the needs that exist clearly for those persons who want to go into business who happen to be minorities?

Mr. BLACKWELL. From my perspective, I basically feel like—when you go to the bank, they evaluate you on three criteria—credit, capacity and collateral. Any one of those three things that you don't have, you're basically out the door. It's that simple. A lot of times it doesn't matter the fact that you might come in with a Government contract or what have you for an extended period of time and you have the capacity to perform it and all you need is the financing, very simply, and they make the decision, well, you don't have one of the three things, they let you go.

Chairman MFUME. Mr. Ashley.

Mr. ASHLEY. In my particular instance, the SBA and the bank were very cooperative. My problem was with the manufacturers and that's a lot of the problem, especially with larger loans. The manufacturers have a tendency to want to back up on their agreements, their written agreements.

My particular problem—it wasn't that the SBA wasn't cooperative or the bank wasn't cooperative. The manufacturers said—we had an agreement, we had a deal set and the manufacturers backed out on their agreement.

What I was trying to bring to the panel this morning was that the SBA should have some type of a system, someone in those programs should have some type of say once the deal is closed. When the deal is closed, it's a closed deal.

Chairman MFUME. Was your arrangement with the manufacturers a contractual arrangement?

Mr. ASHLEY. No, sir. It was just a written agreement. We had a written and verbal agreement, but we had put these agreements in the package. The package had been closed and at the last second the manufacturer backed out.

Chairman MFUME. Mr. Dickey.

Mr. DICKEY. Yes. I'd like to ask. It seems like Alvin and David have got the same problem, and that is that people have possibly used the nonavailability of credit to entice you into—well, to offer to have a contract with you and then they breached it. I think in your case, Alvin, it's probably that case. Is that right?

Mr. BLACKWELL. That is definitely correct.

Mr. DICKEY. So what you all are saying—and my question to both of you and to Dr. Lang also would be what do you think we should do, as a Government interested in trying to help people, what should we in your circumstances and how do we relate to others?

Mr. BLACKWELL. In my particular instance, it would be very helpful to have congressional oversight of the prime contractors with the Department of Defense and the Department of Energy to ensure that they are following the mandates of Public Law 95–507 and also when it comes down to direct preparation of proposals and so forth, 95–21, which basically gives DOE and the Department of Defense authority to provide financial assistance in these situations for preparing proposals.

I had a particular situation where, in 1990, we were performing a contract out in Idaho and we basically were providing contract chemists. Well, the Government said they wanted to farm this work out to an outside laboratory. So I came back to Pine Bluff, Arkansas, borrowed money through whatever means I could, set up a laboratory and DOE immediately decided it was going to put constraints in that would prohibit me from bidding on the contract.

Basically, they wanted us to run 30 blind qualifications. It would have cost about $15,000, at no cost to the Government.

Mr. DICKEY. Let me ask you this. What do you think we should do in trying to draft legislation or trying to reach this problem? Should we try to take a part in negotiations that you have with the third-party contractees?

Mr. BLACKWELL. I think, as my attorney would say, we ought to make folks do right.

Mr. DICKEY. I understand that, but that's what the courts are for.

Mr. ASHLEY. I think what I would like to see, on a personal basis, is I'd like to see that SBA is the guaranteed party in the loan of the money. If I was loaning the money and I had the guarantee, I would want to be able to enforce rules and regulations.

In these rules and regulations, the thing that it does, when a breach or whatever you want to call it, manipulation of the agreement, it wastes money, it wastes time and it wastes resources.

If I was loaning my money to someone, I would not want to waste time, I would not want to waste money or resources. I would like to have some type of enforcement that says, well, now that we've got these listed here, these are the criteria, these are what we want, does everyone agree. If everyone signs off in agreement, then that should be the way it goes.

Mr. DICKEY. Dr. Lang, do you have anything to add to that?

Ms. LANG. I would just like for the Government to kind of oversee various lending institutions to try to make sure that they are looking at the total individual and not just focusing in on one component that might be considered a defect for that person and then turn them down.

Mr. DICKEY. Thank you.

Chairman MFUME. Mr. Tucker.

Mr. TUCKER. Yes. Very quickly, Mr. Chairman. I want to say to the panel I appreciate your talents and feedback. Certainly, you are all the same or the common denominator here is that we're talking about how we can reevaluate and how we can reshape the criteria process here. I think you've put it very succinctly, Doctor, when you talk about collateral, capacity and credit as being the criteria that is operatively used.

But particularly in the two examples of Mr. Ashley and Mr. Blackwell, you both had another seed, and that was contracts. The written agreement that you had, when the Chairman was asking about it, it might not have been a final contract, but it was a written agreement. It was a contract.

Mr. BLACKWELL. It was an actual contract.

Mr. TUCKER. And that other seed must be emphasized as a very important part of a criteria that should be honored and should be responded to. I had a similar situation in my district with a businessman who had $3 million worth of contracts from Southern California Gas Company, but he could not get a loan. The man was sitting on $3 million worth of business that was guaranteed, but, yet, they didn't look at that. They said where's your credit, where's your capacity, where's your collateral. If that's not good enough to be collateral, what is?

So we will work in that. I think that Representative Dickey's question is right on. We need legislation to address exactly that point.

Mr. BLACKWELL. Representative Tucker, you've quite eloquently made that point, because one of the things that is of particular importance is Federal agencies have the ability to assign those contracts directly to the banks. One of the things that was quite annoying to me was the fact that you have—like we have a $600,000 or a $2 million contract and you could not go to the bank and even

borrow—you're supposed to be able to go borrow 80 percent of that contract face amount and you couldn't borrow a tenth of it. That was very disruptive.

Mr. TUCKER. Thank you very much.

Chairman MFUME. Thank you. Ms. Lambert?

Ms. LAMBERT. Thank you and I will be brief. Mr. Blackwell, your story in Idaho, not only did you lose the opportunity for the business, but you obviously lost personnel, as well, in return.

Mr. BLACKWELL. Yes.

Ms. LAMBERT. So I agree that there is definitely a need for us to review some of these areas and we look forward to being able to do so. I appreciate what you all have brought to the table. There are many opportunities that are out there and we certainly want to be able to bring the opportunities together with those who are able to make something happen with them.

Thank you. Thank you, Mr. Chairman.

Chairman MFUME. Thank you, Ms. Lambert. Mr. Dickey, just a final statement before we dismiss this panel.

Mr. DICKEY. Yes. I wanted to mention two names of people who may want to submit written statements, Betty Robb and John Trotter. Is there anybody else that might want to add something in writing? I apologize for us not being able to have everybody here.

Chairman MFUME. The record will remain open. I would ask, if you could, submit your testimony through Mr. Dickey and his office and he will make sure that it is part of the record.

Mr. Ashley, Dr. Lang, Mr. Blackwell, thank you very much for being with us. My thanks to all of you who have come out and spent the last couple hours here with us this morning.

As I said at the beginning of my remarks, it is extremely important to us that we travel here to Pine Bluff to help further establish this record with respect to the problems that are facing minority entrepreneurs as relates to access to capital and credit.

Clearly, listening to the testimony today and to have, as we have, listened to testimony for the last year from minority entrepreneurs, access to capital is the most crucial issue that determines, to a large extent, whether or not people will go into business and whether or not they will be able to survive.

So this has been extremely useful and helpful. On behalf of the entire subcommittee, we, again, thank all of you for being part of this panel and for attending.

The subcommittee will stand adjourned until further call of the Chair.

[Whereupon, at 10:58 a.m., the subcommittee was adjourned, subject to the call of the Chair.]

APPENDIX

STATEMENT OF
THE HONORABLE KWEISI MFUME
CHAIRMAN

SUBCOMMITTEE ON MINORITY ENTERPRISE, FINANCE
AND URBAN DEVELOPMENT

HEARING ON
"MINORITY ENTREPRENEURS'
QUEST TO OBTAIN FINANCING"

OCTOBER 29, 1993

The committee will come to order. First, I would like to say good morning, and welcome, to all members of the Subcommittee, our distinguished witnesses, and all of you in attendance in the audience. I am pleased to extend a special welcome to the future leaders of this country, the juniors and seniors of Pine Bluff High School, for taking time out of your busy schedules to join us today to witness the work of a congressional committee as we engage in legislative oversight in a public hearing. While you observe these proceedings, it is important to note that it is through this dynamic process that Members of Congress are able to collect vital information on a particular topic relevant to the interest of the committee, expose any underlying problems, and recommend improvements to correct shortcomings that may be inherent in the system.

Today, the Subcommittee on Minority Enterprise, Finance and Urban Development has been convened in the 4th congressional district of Arkansas, at the request of my colleague, Congressman Jay Dickey. I should also recognize another colleague who had to adjust her busy schedule to be here, representing the 1st

congressional district of Arkansas, the Honorable Blanche M. Lambert.

The focus of this hearing is on one of the most formidable, but essential undertakings that indiscriminately affects, but completely influences, the formation and development of small and minority businesses across the industry spectrum. That focus is, "minority entrepreneurs' quest to obtain capital".

Despite an apparently growing congressional consensus that small business development is central to the recovery and sustained growth of the U.S. economy, there is little agreement over what pragmatic steps can be taken to effectively address the fundamental conditions that cause what has become a shrinking availability of capital. The problems associated with the pursuit of capital sources are magnified for minority entrepreneurs, who tend to suffer disproportionately from the stigma of negative stereotyping.

It has been estimated that small businesses provide two thirds of all new jobs in this country, and firms with fewer than 20 employees contribute most of those employment opportunities. As large firms reduce and restructure their workforce, as crime borne out of desperation becomes commonplace, and as unemployment levels continue on an upward trend, the role and importance of Federal policy to encourage small and minority-owned business development becomes more and more critical.

This realization makes the issue before our subcommittee today vitally important to all citizens of this country. Without access to capital, small and minority-owned business concerns cannot grow, expand, or provide employment opportunities that urban and rural residents alike so desperately need.

The jurisdiction of this subcommittee requires that we focus particular attention on the issue of availability of capital and credit to the minority business community. It has been demonstrated time and again that minority-owned businesses confront more obstacles in obtaining capital than small non-minority businesses. Some even suggest that the disparity in the total number of thriving minority-owned businesses, as compared to the overall minority population, is creating economic and societal complications that impact our families, our neighborhoods and the general welfare of our nation as a whole.

This hearing represents a continuation in a series conducted by the Subcommittee, designed to enable Members to make an informed determination about (1) the nature and severity of the problems confronting minority entrepreneurs, (2) the effectiveness of federal programs and private sector incentives to provide relief, and (3) the scope and magnitude of public support for legislative initiatives that encourage solutions.

It would be disingenuous for me to suggest that as a result of the testimony we receive today, members of this Subcommittee will be prepared to return to Washington and immediately begin developing comprehensive strategies to address the myriad of problems confronting minority entrepreneurs seeking to secure financial assistance to grow and expand their companies. As Chairman of this Subcommittee, however, I am committed to using this hearing, and others to follow, to help focus the attention of the Congress and the Chief Executive, on the economic development needs of minority entrepreneurs, and to propose solutions that are meaningful and desirable.

Today, we will hear from a senior level official from the U.S. Small Business Administration who will give us an overview of the available programs that promote lending activity among small minority business owners. We will also hear from representatives of two local private lending institutions, which have been widely recognized as being in the vanguard of providing credit to the minority business community. Finally, we will hear accounts from local minority business owners who will share their personal experiences in their quest to secure capital.

Congressman Walter Tucker, III
Small Business Field Hearing
Pine Bluff, Arkansas
Oct. 29, 1993

MR. CHAIRMAN IT GIVES ME GREAT PLEASURE TO BE HERE TODAY WITH YOU AND MY CONGRESSIONAL COLLEAGUES HERE IN PINE BLUFF, ARKANSAS - A PART OF THE COUNTRY I MUST ADMIT IN ALL CANDOR, THAT I HAVE NOT HAD THE PLEASURE TO VISIT UNTIL NOW. ALTHOUGH I COME FROM A VERY DIFFERENT DISTRICT, AN URBAN INNER CITY DISTRICT, THERE ARE SOME ISSUES THAT ARE COMMON ACROSS THIS ENTIRE NATION. ONE OF THE ISSUES I KNOW MY DISTRICT IS CONCERNED WITH AND IS OBVIOUSLY A CONCERN HERE AS WELL IS THE ISSUE OF SMALL BUSINESS' ABILITY TO OBTAIN FINANCING. AS WE ALL KNOW THERE IS A PAINFUL CREDIT CRUNCH GOING ON IN THIS COUNTRY AT THIS TIME. IT IS ESPECIALLY PAINFUL TO THE SMALL BUSINESS COMMUNITY AS THEIR LIFE BLOOD IS CREDIT.

THE SBA'S MICRO LOAN PROGRAM AND 7(A) GUARANTEED LOAN PROGRAM ARE INTENDED TO GET THE MUCH NEEDED CAPITAL TO SMALL BUSINESS. I WILL BE VERY INTERESTED IN HEARING HOW THE SBA HAS INCREASED ITS EFFORTS TO UTILIZE THEIR VARIOUS PROGRAMS TO REACH OUT TO THE MINORITY BUSINESS COMMUNITY. ALTHOUGH WE ARE HERE IN ARKANSAS TODAY I AM SURE CREDIT AND FINANCING ISSUES THAT CONCERN THE MINORITY BUSINESS COMMUNITY IN PINE BLUFF ARE SIMILAR TO THOSE CONCERNS ALL THE WAY OUT WHERE I'M FROM IN COMPTON, CALIFORNIA. AGAIN, IT IS A PLEASURE FOR ME TO BE HERE IN PINE BLUFF AND I'D LIKE TO THANK THE CHAIRMAN FOR CONDUCTING THIS IMPORTANT HEARING AND I WOULD ALSO LIKE TO THANK THE PANELISTS FOR COMING IN TO TESTIFY THIS MORNING. AND I WOULD ESPECIALLY LIKE TO THANK MY GOOD FRIEND THE DISTINGUISHED GENTLEMAN FROM ARKANSAS, REPRESENTATIVE JAY DICKEY. TRULY, HIS

CONCERN FOR THE DISENFRANCHISED AND HIS DEDICATION TO THE WORK ON THIS COMMITTEE EPITOMIZES BIPARTISANSHIP AND RESPONSIBLE REPRESENTATION. AND LASTLY THANK YOU THE LISTENING AUDIENCE FOR BEING SUPPORTIVE. YOUR PRESENCE HERE TODAY ENCOURAGES ALL OF US TO CONTINUE ON AND STRUGGLE THROUGH THESE DIFFICULT TIMES.

Opening Statement

of

Honorable Jay Dickey

before the

House Small Business Committee
Subcommittee on Minority Enterprise, Finance, and Urban Development

Field Hearing • Pine Bluff, Arkansas • October 29, 1993

"Minority Entrepreneurs' Quest to Obtain Financing"

Mr. Chairman, it is with great pleasure and tremendous pride that I welcome my colleagues on the Small Business Committee and this distinguished panel of witnesses to my home town of Pine Bluff, Arkansas. Besides having the number one high school football team in the state, several nearby establishments for food of Mexican origin and a convenient ice cream and fine deserts shop only steps away, the wonderful town of Pine Bluff and the Fourth District of Arkansas truly represent a microcosm of American life.

International Paper Corporation and other mills employ hundreds of folk in an intensive workforce, which currently feels the strains of automation, corporate downsizing and decreased competitiveness on the world market. Home Pride Poultry Products and other livestock companies represent the lifestyle of the rancher and the meat producers who have increasingly looked to export trade to support their businesses. Riceland Foods and other agricultural producers have grown to include hundreds of cooperative, and corporate farming organizations that are so productive that they are capable of producing enough to feed every person in the world.

In nearby Camden, Arkansas, most of the world's ammunition and rocket materials are produced for use in military and space science applications. The nation's business community has focused their eyes on the Southern Development Bancorp, through the efforts of President Clinton, to discover productive means to create micro and small loans and to promote entrepreneurial education and guidance. Socially speaking, the mixture of culture, religion and lifestyles provides the people of the Fourth District with a variety of experiences and opportunities. Educationally, Pine Bluff is home to a major University, the NCTR technology center and an excellent public and private school system. As Arkansas grows and matures, it is very important that the engines for change, our small businesses, are free from government interference, over regulation and are provided opportunities for expansion and job growth.

It is important to recognize that these opportunities do exist through many different sources. The Small Business Administration works to provide information and assistance to entrepreneurs and businesses needing capital to expand. Community Development Banks provide valuable personable services tailored to focus on economic growth as well as the bottom line. Venture Capitalists, Angel Capitalists, Business Networks and Information Exchange Centers are all valid and useful avenues for seeking supporting opportunities. This subcommittee, and this field hearing specifically, are seeking to address the fact that despite all of these opportunities, minority owned businesses are continuing to have an abnormal level of difficulty achieving the needed level of the right kind of assistance. It is my experience that minority owned businesses are not asking for quotas or hand outs, for this takes away from the pride of ownership and competition. It is also my experience that minority owned businesses are not looking for favors or tax breaks. They are simply looking for a fair and level playing field with which they can prove themselves and their products.

Too often, the federal government seeks to cure the symptoms of a problem, rather than the source. This committee has looked at proposals this year which clearly seek to continue this trend of government interference and regulation, rather than at cures to the problem, which are most often to be found in the structure of the program itself. If private minority assistance organization firms have a better rate of success, more consistent graduation of companies to profitability and stability, and a higher return for its investors, than similar government sponsored programs, it becomes obvious to me that the government can not micro manage small business.

It is with great relief that President Clinton appointed Mr. Erskine Bowles as the administrator of the Small Business Administration, a man of integrity and honor who will truly seek to push the SBA towards a more perceptive path. It is also forttunate to have such committed members of Congress as those seated at my side to pursue legislative assistance on behalf of small business. As for my self, it is my goal to work hand-in-hand with the SBA to improve their programs, assist in the delivery of timely information to those in need, to modernize the loan distribution system, and most importantly, to leave taxpayers money in their pockets so that they may invest in their own futures.

Mr. Chairman, I believe that the excellent caliber of the panels before us today prove that excellence is based on opportunity, personal character, and moral endurance. I am excited to hear the important testimony they are about to relate. Each has had experiences of success or failure as a minority business owner seeking credit in an undercapitalized structure, or from the other side as a opportunity provider. These case histories will provide valuable assistance to this committee as it seeks to measure the value of legislative proposals before the Congress. Unfortunately, the time available for this hearing could not accomodate all of those interested in orally testifying. I have asked those folks to submit written testimony. Mr. Chairman, I would like to ask for unanimous consent to have all testimony, both written and orally submitted, inserted into the record. I would also ask that the record be kept open for five legislative days so Members may revise and extend their remarks, and to allow for inclusion of further written testimony.

Finally, Mr. Chairman, I would like to thank the staff of the subcommittee, the members involved, and especially those in my district office for putting together what looks to be like a most successful hearing.

Thank you.

SBA U.S. Small Business Administration Washington, DC 20416

STATEMENT OF

JOSEPH T. FOGLIA

DISTRICT DIRECTOR, ARKANSAS

U.S. SMALL BUSINESS ADMINISTRATION

BEFORE THE COMMITTEE ON SMALL BUSINESS;

SUBCOMMITTEE ON MINORITY ENTERPRISE,

FINANCE, AND URBAN DEVELOPMENT

U. S. HOUSE OF REPRESENTATIVES

PINE BLUFF, ARKANSAS

OCTOBER 29, 1993

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

THANK YOU FOR THE OPPORTUNITY TO APPEAR BEFORE YOU TODAY. I AM JOSEPH T. FOGLIA, DISTRICT DIRECTOR OF THE U.S. SMALL BUSINESS ADMINISTRATION'S (SBA) LITTLE ROCK, ARKANSAS, DISTRICT OFFICE. I AM PLEASED TO BE HERE THIS MORNING TO DISCUSS ACCESS TO CREDIT FOR MINORITY ENTREPRENEURS. MY COMMENTS WILL FOCUS PRIMARILY ON THE OPERATION OF SBA'S PILOT MICROLOAN DEMONSTRATION PROGRAM AND THE 7(A) GENERAL GUARANTEED BUSINESS LOAN PROGRAM AND ON HOW WE HAVE ENHANCED OUR EFFORTS TO REACH OUT TO MINORITY COMMUNITIES AND INCREASE SBA LENDING ACTIVITY AMONG MINORITY SMALL BUSINESS OWNERS.

MR. CHAIRMAN, ONE OF ADMINISTRATOR BOWLES' PRIMARY GOALS FOR THE SBA IS TO EXPAND ACCESS TO CREDIT FOR ALL SMALL BUSINESS OWNERS. WE RECOGNIZE THAT WE NEED TO DO MORE TO INCREASE LENDING TO MINORITY BUSINESS OWNERS. WE BEGAN AN INTENSIVE OUTREACH PROGRAM IN ARKANSAS IN LATE 1992 TO ADDRESS THIS PROBLEM. I WELCOME THIS OPPORTUNITY TO WORK WITH THIS COMMITTEE AND CONGRESSMAN DICKEY TO IMPROVE OUR LENDING RECORD.

MICROLOAN PROGRAM

IN THE STATE OF ARKANSAS, WE ARE VERY PROUD OF OUR EFFORTS AND ACCOMPLISHMENTS ON BEHALF OF THE SBA'S MICROLOAN PROGRAM. INSPIRED BY A RADIO PROGRAM PROFILING "THE GOOD FAITH FUND" IN PINE BLUFF, ARKANSAS, SENATE SMALL BUSINESS COMMITTEE CHAIRMAN DALE BUMPERS INTRODUCED LEGISLATION CREATING THE MICROLOAN PROGRAM. SENATOR BUMPERS' BILL, P.L. 102-366, THE SMALL BUSINESS CREDIT AND BUSINESS OPPORTUNITY ENHANCEMENT ACT OF 1992, WAS SIGNED INTO LAW ON SEPTEMBER 4, 1992.

THE MICROLOAN PROGRAM IS UNIQUE AMONG THE SBA'S FINANCING INITIATIVES. THE AGENCY MAKES LONG-TERM DIRECT LOANS TO NON-PROFIT ENTITIES SPECIFICALLY FOR RELENDING TO SMALL BUSINESS. THIS PROGRAM CAN BE A GATEWAY TO THE BENEFITS OF CAPITAL, HELPING PEOPLE TO HELP THEMSELVES AND FOSTERING THE RESPONSIBILITY AND SELF-ESTEEM THAT SPRING FROM INDIVIDUAL DECISION-MAKING, HARD WORK, PERSISTENCE AND SELF-RELIANCE. MICROLOANS ARE DESIGNED TO

OFFER ENTREPRENEURS THE OPPORTUNITY TO ENHANCE THEIR LIVES THROUGH THEIR OWN EFFORTS, BRINGING THE DREAM OF BUSINESS OWNERSHIP TO THOUSANDS OF CITIZENS WHO PREVIOUSLY COULD NOT OBTAIN FINANCING OR THE TECHNICAL SUPPORT NEEDED TO BE SUCCESSFUL.

THE SBA SELECTS THE NON-PROFIT ENTITIES WHICH PARTICIPATE IN THE PROGRAM BY MAKING SMALL LOANS THAT RANGE FROM $100 TO A MAXIMUM OF $25,000 TO BUDDING ENTREPRENEURS. ADDITIONALLY, THE NON-PROFIT ENTITIES PROVIDE SMALL BUSINESSES WITH INTENSIVE HANDS-ON TECHNICAL ASSISTANCE TO HELP THEM BECOME SUCCESSFUL BUSINESS OWNERS. THIS PROGRAM TARGETS ASSISTANCE TO WOMEN, LOW-INCOME, MINORITY BUSINESS OWNERS AND OTHER INDIVIDUALS WHO POSSESS THE CAPABILITY AND SKILLS TO OPERATE SUCCESSFUL BUSINESS CONCERNS.

WE ARE PROUD TO NOTE THAT THE FIRST SBA MICROLOAN PROGRAM IN THE NATION WAS ESTABLISHED HERE IN ARKANSAS WITH THE ARKANSAS ENTERPRISE GROUP (AEG) LOCATED IN ARKADELPHIA. IN FACT, THE FIRST MICRO LOAN WENT TO A FEMALE OWNED BUSINESS, PAPER FLOWERS, IN CAMDEN, ARKANSAS. AN AFFILIATE OF AEG, THE GOOD FAITH FUND, IS LOCATED HERE IN PINE BLUFF AS WELL. A MAP OF THE STATE IS INCLUDED FOR YOUR INFORMATION THAT DELINEATES THE MICROLOAN INTERMEDIARY SERVICE AREAS (SEE EXHIBIT 1). THE AEG SERVICE AREA INCLUDES 32 COUNTIES IN THE SOUTHERN PORTION OF THE STATE. THIS INTERMEDIARY IS THE MOST ACTIVE IN THE NATION. IT HAS MADE 70

LOANS FOR A TOTAL OUTSTANDING BALANCE OF $589,879, RESULTING IN AN AVERAGE LOAN AMOUNT OF $8,427. IN THE UNITED STATES, TWO-THIRDS OF ALL FIRMS START WITH LESS THAN $10,000 IN CAPITAL AND FIFTY PERCENT OF THESE START WITH LESS THAN $7,500.

DURING THE FOURTH QUARTER OF FISCAL YEAR (FY) 1993, TWO ADDITIONAL INTERMEDIARIES WERE APPROVED AND FUNDED BY THE SBA TO PARTICIPATE IN THE MICROLOAN PROGRAM IN ARKANSAS. THE FIRST IS THE DELTA COMMUNITY DEVELOPMENT CORPORATION, LOCATED IN FORREST CITY, WHICH WILL SERVICE FIVE COUNTIES IN EASTERN ARKANSAS. THE SECOND IS THE WHITE RIVER PLANNING AND DEVELOPMENT DISTRICT, INC., LOCATED IN BATESVILLE, WHICH WILL SERVE 10 COUNTIES IN THE NORTHEASTERN PART OF THE STATE. LOAN ACTIVITY FOR EACH OF THESE INTERMEDIARIES IS JUST BEGINNING AND HAS A GREAT DEAL OF POTENTIAL.

IN JULY OF 1993, THE SBA CENTRAL OFFICE HELD A 2 DAY TRAINING SESSION FOR ALL OF THE INTERMEDIARIES THAT PARTICIPATE IN THE MICROLOAN PROGRAM TO DATE. THE TRAINING SESSION PROVIDED A BROAD OVERVIEW OF ALL ASPECTS OF THE PROGRAM INCLUDING INTERMEDIARY LENDER RIGHTS AND RESPONSIBILITIES, GRANTS MANAGEMENT OVERVIEW, ACCOUNTING AND LENDING CALCULATIONS AND REPORTING REQUIREMENTS AMONG OTHER TOPICS. PARTICIPANTS ALSO HAD AN OPPORTUNITY TO ASK QUESTIONS REGARDING THE MICROLOAN PROGRAM.

ALSO, SENATOR BUMPERS' BILL, P.L. 103-81, SIGNED INTO LAW ON AUGUST 14, 1993, INCLUDED A PROVISION THAT INCREASED THE AMOUNT OF THE LOAN CAPITAL APPROPRIATION SBA MAY USE FOR TRAINING MICROLOAN INTERMEDIARIES OR POTENTIAL INTERMEDIARIES FROM THE PREVIOUS 3 PERCENT TO 7 PERCENT. THIS RAISE IN FUNDING ALLOWS SBA TO INCREASE TRAINING TO CURRENT INTERMEDIARIES AND ALLOWS US TO TRAIN NEW ONES AS THEY COME ON BOARD.

WE IN ARKANSAS ARE THRILLED TO BE A PART OF THIS INNOVATIVE AND EXCITING PROGRAM. WE THINK IT HAS THE POTENTIAL TO IMPROVE DRAMATICALLY ECONOMIC CONDITIONS FOR ENTREPRENEURIAL MINDED INDIVIDUALS PREVIOUSLY DENIED ACCESS TO CAPITAL. AS EVIDENCED BY THE SUCCESSES OF THE AEG AND GOOD FAITH FUND, THIS PROGRAM HAS THE POTENTIAL TO DO MORE TO ASSIST ENTREPRENEURS WITH MICRO FINANCING NEEDS THAN ANY OTHER SBA OR FEDERAL GOVERNMENT PROGRAM.

WE BELIEVE OUR ROLE AT THE SBA DISTRICT OFFICE IS TO ACT AS A CATALYST AND FACILITATOR FOR THE MICROLOAN PROGRAM. OUR OFFICE PROVIDES UP-TO-DATE INFORMATION ON THE MICROLOAN PROGRAM IN BOTH WRITTEN AND ORAL CONTACTS WITH THE PUBLIC, AND WE DISCUSS THE LOGISTICS OF THE MICROLOAN PROGRAM AT ALL OF OUR PUBLIC SPEAKING EVENTS, COMMUNITY OUTREACH EFFORTS, BANK TRAINING SEMINARS AND VISITS TO ORGANIZATIONS SUCH AS THE CHAMBERS OF COMMERCE.

WHEN THE AEG WAS INITIALLY APPROVED AS AN INTERMEDIARY, AND LATER AS THE NEXT TWO INTERMEDIARIES WERE APPROVED, WE

COORDINATED PRESS RELEASES AND PUBLIC ANNOUNCEMENTS TO NOTIFY THE PUBLIC ABOUT THE BENEFITS OF THIS PROGRAM. WE HAVE ALWAYS BELIEVED THAT THIS PROGRAM SHOULD RECEIVE THE HIGHEST PRIORITY TO MAXIMIZE ITS USE IN ARKANSAS. AND WE ARE CONTINUING TO WORK WITH THE CONGRESS AND WITH OUR CURRENT INTERMEDIARIES TO FIND WAYS TO EXPAND THE AREAS EACH LENDER COVERS SO EVERY COUNTY IN ARKANSAS IS SERVICED BY A MICROLENDER.

AS ADDITIONAL BACKGROUND INFORMATION ABOUT HOW THE MICROLOAN PROGRAM IS ADMINISTERED IN ARKANSAS, I HAVE FURNISHED YOU WITH STATISTICS ON THE MICRO ENTERPRISES IN ARKANSAS AND REGION VI. (SEE EXHIBITS 2 AND 3). EXHIBIT TWO DETAILS THE NUMBER OF ACTIVE MICRO LENDERS IN REGION VI WHICH INCLUDES ARKANSAS, LOUISIANA, NEW MEXICO, OKLAHOMA AND TEXAS, AS WELL AS THE DOLLAR AMOUNTS THAT HAVE BEEN DISBURSED TO THESE STATES AS OF SEPTEMBER 30, 1993. THERE ARE THREE ACTIVE INTERMEDIARIES IN ARKANSAS AND APPROXIMATELY $849,700 HAS BEEN DISBURSED TO THEM TO DATE.

EXHIBIT THREE LISTS THE NAMES OF THE MICRO ENTERPRISES IN REGION VI, THE NUMBER OF LOANS THEY MADE TO MICRO BORROWERS, AND A BREAKDOWN OF THE ETHNIC GROUPS RECEIVING THESE LOANS.

7(A) LOAN GUARANTEE PROGRAM

THE 7(A) GENERAL BUSINESS LOAN GUARANTEE PROGRAM IS THE SBA'S MAJOR LENDING PROGRAM. LOANS ARE MADE BY PRIVATE LENDERS,

USUALLY BANKS, AND ARE GUARANTEED UP TO 90 PERCENT. ON LOANS THAT EXCEED $155,000, THE MAXIMUM GUARANTEE IS 85 PERCENT, UNLESS THE MATURITY EXCEEDS 10 YEARS IN WHICH CASE THE MAXIMUM GUARANTEE IS 75 PERCENT. SBA GENERALLY CAN GUARANTEE UP TO $750,000 FOR MOST BUSINESS PURPOSES, INCLUDING WORKING CAPITAL, MACHINERY, EQUIPMENT, LAND AND BUILDINGS.

THE 7(A) LOAN PROGRAM HELPS LENDERS MAKE LOANS THAT DO NOT FIT UNDER NORMAL BANK RULES AND IS PARTICULARLY HELPFUL IN CASES WHERE THE BUSINESS IS A START-UP, WHERE THE LENDER NEEDS A LOAN WITH A LONG MATURITY, OR WHERE THERE IS SOME CONCERN ABOUT THE SUFFICIENCY OF THE COLLATERAL. A LENDER MUST AFFIRM THAT IT WOULD NOT MAKE THE LOAN WITHOUT AN SBA GUARANTEE. ADDITIONALLY, UNDER OUR QUALITY LENDING CRITERIA, A BUSINESS MUST DEMONSTRATE TO SBA'S SATISFACTION THAT THE LOAN WILL BE REPAID FROM THE EXPECTED EARNINGS OF THE BUSINESS.

OBTAINING LONG-TERM FINANCING FOR SMALL FIRMS AT MARKET RATES WAS A MORE SIGNIFICANT PROBLEM IN ARKANSAS THAN IN OTHER STATES BECAUSE OF THE ARKANSAS STATE USURY LAW. THIS LAW SET THE MAXIMUM ALLOWABLE INTEREST RATE AT FIVE PERCENT OVER THE FEDERAL RESERVE DISCOUNT RATE. THIS PROVISION MADE LENDERS VERY RELUCTANT TO PROVIDE LONG-TERM FINANCING TO SMALL FIRMS, EVEN WITH AN SBA GUARANTEE. SENATOR BUMPERS ONCE AGAIN CAME TO THE

AID OF SMALL FIRMS WITH HIS LEGISLATION P.L. 102-366 BY INCLUDING A PROVISION WHICH HAD THE EFFECT OF OVERRIDING THE ARKANSAS STATE USURY LAWS.

TO PUBLICIZE AND DISSEMINATE INFORMATION ABOUT THE SBA 7(A) GUARANTEED LOAN PROGRAM, THE LITTLE ROCK DISTRICT OFFICE EMBARKED ON AN AGGRESSIVE MARKETING, TRAINING AND OUTREACH EFFORT. WE OFFERED INFORMATION DURING SBA BANK TRAINING EVENTS, DURING BI-MONTHLY SEMINARS HELD IN OUR OFFICE, AT PUBLIC SEMINARS IN BANKS, DURING SBA RESOURCE PARTNER TRAINING SUCH AS WITH THE SERVICE CORPS OF RETIRED EXECUTIVES (SCORE), AT SMALL BUSINESS DEVELOPMENT CENTERS (SBDCs) AND AT THE SMALL BUSINESS INSTITUTES (SBIs). IN ADDITION, WE ESTABLISHED A "SPEAKERS BUREAU" AND PROVIDED SPEAKERS FOR COMMUNITY ASSOCIATION MEETINGS, CHAMBER MEETINGS, ROTARY CLUBS AND SIMILAR GROUPS TO DISCUSS SBA LOAN PROGRAMS. FINALLY, WE OFFERED TO ACCOMMODATE EVERY GROUP WHICH ASKED FOR A SPEAKER, AND IN MANY CASES WE REQUESTED AN INVITATION WHERE NONE WAS OFFERED.

AS A RESULT OF THESE EFFORTS TO PROVIDE INFORMATION TO THE PUBLIC, IN FY 1993 WE CONDUCTED OVER 77 PUBLIC SEMINARS IN BANKS, HAD 96 SPEAKING ENGAGEMENTS, RESPONDED TO APPROXIMATELY 4,000 LOAN INQUIRIES, ESTABLISHED THREE RESOURCE CENTERS AND THREE SATELLITE SCORE CHAPTERS, AND ARRANGED EIGHT OTHER BANK SEMINARS. ALSO, WE APPROVED THREE NEW CERTIFIED LENDERS (CLP) AND ONE PREFERRED LENDER (PLP) IN ARKANSAS.

THIS AGGRESSIVE OUTREACH EFFORT RESULTED IN A 43 PERCENT INCREASE IN OUR 7(A) LOAN VOLUME OVER THE LAST YEAR. LOAN VOLUME INCREASED FROM 194 LOANS IN FY 1992 TO 277 LOANS IN FY 1993. THE TREND FOR SBA LOANS IN ARKANSAS IS DEFINITELY UP, SINCE ONLY 123 LOANS WERE APPROVED IN FY 1991. WE PLAN TO CONTINUE THIS AGGRESSIVE OUTREACH EFFORT INTO THE NEW FISCAL YEAR.

UNFORTUNATELY, 7(A) LOANS TO MINORITY GROUP MEMBERS IN ARKANSAS INCREASED BY ONLY 15 PERCENT FROM FY 1992 TO FY 1993. TO IMPROVE ON THIS RECORD, BEGINNING IN DECEMBER OF 1992, WITH THE ASSISTANCE OF THE ARKANSAS SBDC LOCATED AT THE UNIVERSITY OF ARKANSAS AT LITTLE ROCK, WE CONDUCTED A "SEMINAR FOR BANKERS" IN PINE BLUFF. ONLY 16 INDIVIDUALS ATTENDED THIS MEETING. SIMILAR SEMINARS WERE HELD IN JONESBORO AND FORT SMITH WITH THE ATTENDANCE CONSIDERABLY HIGHER AT 60 AND 45 PARTICIPANTS, RESPECTIVELY.

MIDWAY THROUGH FY 1993, OUR MINORITY LOAN VOLUME HAD ONLY REACHED 11 LOANS. WE BECAME VERY CONCERNED AND TOOK A PROACTIVE STANCE IN THE COMMUNITY. AN EMPLOYEE FROM OUR OFFICE WAS SENT TO MEET WITH A REPRESENTATIVE OF CONGRESSMAN JAY DICKEY'S STAFF. THE MEETING RESULTED IN A PUBLIC SEMINAR THAT WAS HELD AT THE WORTHEN BANK IN PINE BLUFF, ARKANSAS. ABOUT 60 PEOPLE ATTENDED THIS SEMINAR, OF WHICH APPROXIMATELY 30 PERCENT WERE MEMBERS OF MINORITY GROUPS. THE ARKANSAS SBDC ALSO ASSISTED US IN SETTING UP THIS EVENT.

ADDITIONALLY, WE INITIATED A MEETING OF SELECTED CLP LENDERS IN THE LITTLE ROCK METROPOLITAN AREA AND ARKADELPHIA TO DISCUSS OUR INTEREST IN APPROVING MORE LOANS FOR MINORITY GROUP MEMBERS. WE ASSURED THE BANKERS THAT WE WOULD DO EVERYTHING WITHIN OUR RESOURCES AND CREDIT GUIDELINES TO APPROVE THESE LOANS. WE BELIEVE THESE ACTIONS WERE INSTRUMENTAL IN IMPROVING OUR RECORD FROM 19 LOANS IN FY 1992 TO 22 LOANS IN FY 1993.

BREAKING DOWN THE 22 LOANS IN FY 1993 BY ETHNICITY SHOWS THAT AFRICAN-AMERICANS RECEIVED TWELVE, ASIANS EIGHT AND INDIAN-PACIFICS TWO. NO SUCH LOANS WERE MADE IN PINE BLUFF AND ONE LOAN WAS MADE IN CAMDEN (QUACHITA COUNTY). WHILE THIS RECORD MAY APPEAR POOR, WE DEPEND ON THE LENDING COMMUNITY FOR LOAN APPLICATIONS. WE HAVE AN EXCELLENT APPROVAL RATE OF 95.5 PERCENT ON 7(A) LOANS. IN FACT, DURING ALL OF FY 1993 ONLY 13 LOANS WERE DECLINED AND JUST ONE OF THESE WAS TO A MINORITY GROUP MEMBER.

WE ARE PLANNING ANOTHER INITIATIVE TO IMPROVE LOANS TO MINORITY GROUP MEMBERS DURING FY 1994. BECAUSE OF SBA ADMINISTRATOR ERSKINE BOWLES' MAJOR INITIATIVE TO PUT MORE RESOURCES IN THE FIELD, I HAVE RECEIVED AN ADDITIONAL STAFF PERSON. EFFECTIVE OCTOBER 1, 1993, I WAS ABLE TO ASSIGN A FULL-TIME BUSINESS DEVELOPMENT SPECIALIST TO IMPROVE OUR OUTREACH EFFORTS AND LOAN RESULTS IN THE MINORITY COMMUNITY. I WOULD NOT HAVE BEEN ABLE TO DIRECT A FULL-TIME EMPLOYEE TO THIS IMPORTANT EFFORT WITHOUT ADMINISTRATOR BOWLES' SUPPORT.

THE NEW SPECIALIST, GEORGE STANCIL, IS AN AFRICAN-AMERICAN AND WILL BE ASSIGNED SPECIFIC GOALS IN AREAS OF THE STATE WHERE UTILIZATION OF OUR PROGRAMS BY MINORITY GROUP MEMBERS HAS BEEN THE POOREST. THESE GOALS WILL BE BASED ON ACTUAL EXPERIENCE AND REQUIRE A SIGNIFICANT IMPROVEMENT IN RESULTS. I ALSO EXPECT THIS SPECIALIST TO WORK WITHIN THE MINORITY COMMUNITY TO PROMOTE OUR PROGRAMS AND MAKE US EVEN MORE "USER FRIENDLY AND ACCESSIBLE."

ADDITIONALLY, I HAVE INFORMATION ATTACHED THAT DESCRIBES IN DETAIL 7(A) LOAN ACTIVITY FOR THE 10 YEAR PERIOD FROM 1983 TO 1993 IN REGION VI. EXHIBIT 4 IS AN OVERVIEW OF THE NUMBER OF 7(A) LOANS MADE IN EACH STATE INCLUDING ARKANSAS, AND THE TOTAL DOLLAR AMOUNT OF THESE LOANS BY NUMERICAL MINORITY CODE. IT ALSO INCLUDES SBA DOLLAR AMOUNTS REPRESENTING THE AGENCY'S GUARANTEE PORTION OF THE LOANS. FOR YOUR CONVENIENCE, EXHIBIT 5 IS A LISTING OF EACH NUMERICAL MINORITY CODE, FOLLOWED BY ITS RACIAL/ETHNIC CATEGORY.

FINALLY, EXHIBIT 6 LISTS THE NUMBER OF 7(A) LOANS MADE TO VARIOUS STANDARD INDUSTRIAL CODE (SIC) CLASSIFICATIONS IN THE PAST 10 YEARS FOR EACH STATE IN REGION VI. THE CHART ALSO SHOWS THE TOTAL DOLLAR AMOUNT OF THESE LOANS, AS WELL AS THE SBA GUARANTEE AMOUNT OF THE LOANS.

COMMUNITY OUTREACH

IN THE SOUTHERN PART OF ARKANSAS WHICH INCLUDES CONGRESSIONAL DISTRICT FOUR, WE HAVE BEEN ESPECIALLY BUSY IN OUR OUTREACH EFFORTS. TWO OF THE THREE NEW SATELLITE SCORE CHAPTERS ESTABLISHED IN FY 1993 WERE IN THIS AREA, SPECIFICALLY CAMDEN AND EL DORADO. TO ESTABLISH THESE SATELLITE CHAPTERS WE MADE OVER 14 VISITS TO THESE COMMUNITIES. IN ADDITION, PINE BLUFF HAS AN EXISTING SATELLITE SCORE CHAPTER WITH FOURTEEN MEMBERS. OUR SBDC EFFORT IN THIS PART OF THE STATE INCLUDES PINE BLUFF, THE UNIVERSITY OF ARKANSAS AT MONTICELLO, HENDERSON STATE UNIVERSITY, AND SOUTHERN ARKANSAS UNIVERSITY.

THE ARKANSAS SBDC IS VERY ACTIVE IN COUNSELING AND TRAINING SMALL BUSINESS ENTREPRENEURS IN PINE BLUFF AND OTHER AREAS OF THE FOURTH CONGRESSIONAL DISTRICT. IN FY 1993, THE SBDC CONDUCTED 19 BUSINESS COUNSELING CASES IN THIS AREA THAT ACCOUNTED FOR A TOTAL COMMITMENT OF 160 HOURS. APPROXIMATELY TWENTY-SIX PERCENT OF THE BUSINESSES THAT RECEIVED COUNSELING WERE MINORITY FIRMS. ALSO, THE SBDC HELD 12 BUSINESS TRAINING SEMINARS IN THE FOURTH CONGRESSIONAL DISTRICT WITH THREE BEING HELD IN PINE BLUFF. A TOTAL OF 238 INDIVIDUALS ATTENDED THESE SEMINARS AND 31 PERCENT OF THEM WERE MINORITY GROUP MEMBERS. WITH REGARD TO THE THREE SEMINARS IN PINE BLUFF, 81 PEOPLE ATTENDED AND 61 PERCENT OF THEM WERE MINORITY GROUP MEMBERS.

OTHER OUTREACH EFFORTS WE HAVE UNDERTAKEN AT OUR DISTRICT OFFICE INCLUDE THE FOLLOWING: (1) WE HAVE COMPLETED 24 SBI CASES IN FY '93, FOUR OF WHICH WERE FOR AFRICAN-AMERICAN FIRMS; (2) WE HAVE MADE 15 TRIPS TO THE CHAMBER OF COMMERCE TO DISSEMINATE INFORMATION; (3) WE HAVE JOINED THE STATE'S DISLOCATED WORKER TASK FORCE AND PARTICIPATED IN WORKSHOPS TO ASSIST DISLOCATED WORKERS AS A RESULT OF WORKFORCE REDUCTIONS IN CAMDEN, VAN BUREN, PINE BLUFF, TEXARKANA AND FORDYCE; (4) WE HAVE ENROLLED THE RED RIVER TECHNICAL SCHOOL IN OUR SMALL BUSINESS NATIONAL TRAINING NETWORK; AND FINALLY, (5) OUR SBDC SCHOOL HAS AGREED TO HELP US INCREASE LOANS TO MINORITY OWNED FIRMS IN THE DELTA AREA OF ARKANSAS BY TARGETING SPECIFIC CITIES FOR TRAINING PROGRAMS. THE CITIES ARE WEST MEMPHIS, HELENA, FORREST CITY, WYNNE, STUTTGART, PINE BLUFF, DUMAS, CROSSETT, AND MONTICELLO. ALL THESE COMMUNITIES HAVE SIGNIFICANT NUMBERS OF AFRICAN-AMERICAN CITIZENS. THE SBDC WILL SEEK LOCAL INPUT WITH OUR ASSISTANCE FOR SEMINAR TOPICS AND LOCATIONS. MR. STANCIL, OUR NEW BUSINESS DEVELOPMENT SPECIALIST, WILL BE AN ACTIVE PARTICIPANT IN THIS PROCESS.

CONCLUSION

MR. CHAIRMAN, WE RECOGNIZE THAT THE SBA CAN AND SHOULD DO A BETTER JOB OF PROVIDING CREDIT TO MINORITY BUSINESS OWNERS. AS I MENTIONED BEFORE, OUR ADMINISTRATOR ERSKINE BOWLES HAS MADE IT CLEAR THAT IMPROVED ACCESS TO CREDIT AND IMPROVED BUSINESS

TRAINING FOR OUR CUSTOMERS ARE AMONG HIS TOP PRIORITIES FOR OUR AGENCY.

WE BELIEVE THAT WE HAVE TAKEN A PROACTIVE APPROACH HERE AT THE SBA TO PROVIDE FINANCING TO MINORITY SMALL BUSINESS OWNERS. WE HAVE GONE TO GREAT LENGTHS TO EDUCATE SMALL BUSINESS OWNERS ABOUT OUR SERVICES, INCLUDING THE 7(A) AND MICROLOAN PROGRAMS, AND WE ARE PROUD OF OUR EFFORTS TO ASSIST ALL OF THE PEOPLE IN ARKANSAS -- AND ESPECIALLY THOSE IN PINE BLUFF AND THE SURROUNDING AREAS. MR. CHAIRMAN, WE WANT TO CONTINUE TO EXPAND THESE OUTREACH EFFORTS. I LOOK FORWARD TO WORKING WITH THIS COMMITTEE AND WITH CONGRESSMAN DICKEY TO INCREASE THE NUMBERS OF LOANS MADE TO MINORITY SMALL BUSINESS OWNERS.

I WILL BE HAPPY TO RESPOND TO ANY QUESTIONS.

# # #

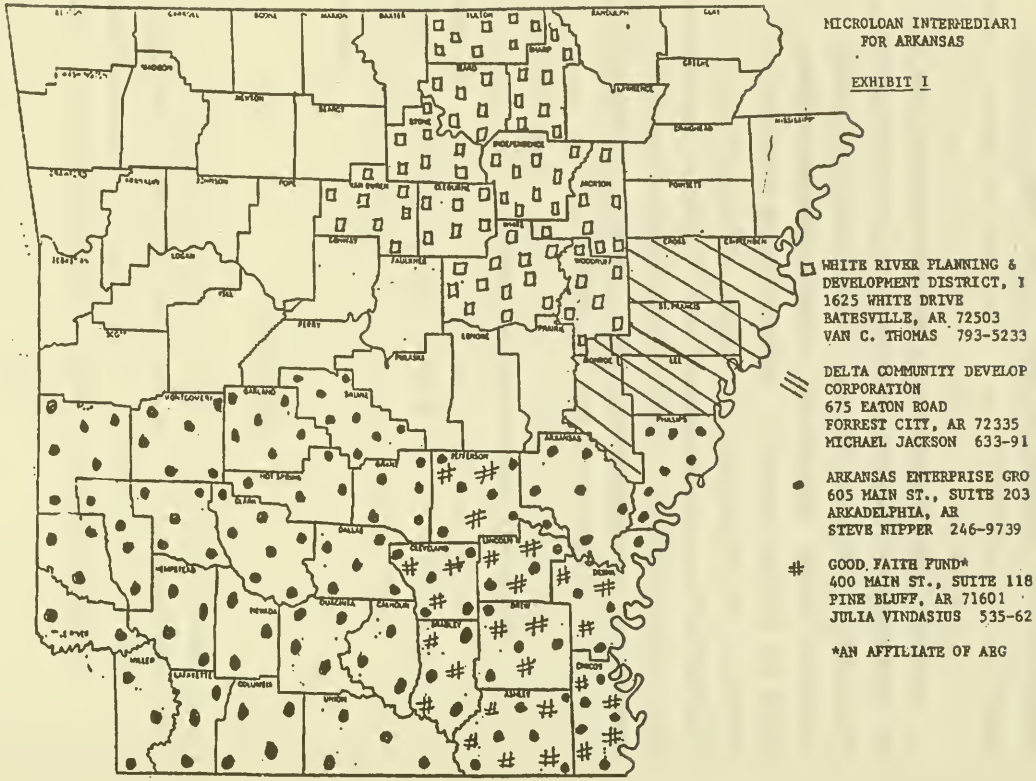

MICROLOAN INTERMEDIARI
FOR ARKANSAS
EXHIBIT I
WHITE RIVER PLANNING &
DEVELOPMENT DISTRICT, I
1625 WHITE DRIVE
BATESVILLE, AR 72503
VAN C. THOMAS 793-5233
DELTA COMMUNITY DEVELOP
CORPORATION
675 EATON ROAD
FORREST CITY, AR 72335
MICHAEL JACKSON 633-91
ARKANSAS ENTERPRISE GRO
605 MAIN ST., SUITE 203
ARKADELPHIA, AR
STEVE NIPPER 246-9739
GOOD FAITH FUND*
400 MAIN ST., SUITE 118
PINE BLUFF, AR 71601
JULIA VINDASIUS 535-62
*AN AFFILIATE OF AEG

EXHIBIT II
Microloan Demonstration Program Statistics

Region VI

	# Approved	# Active	ILs rec'd Disbursement	Disbursed Dollar Amount Within State
Arkansas	3	1	3	$849,700.
Louisiana	1	1	1	$ 70,000.
New Mexico	1	1	1	$ 58,000.
Oklahoma	2	0	0	0
Texas	3	1	2	$512,500.

EXHIBIT III

	LOANS MADE	MICRO $ AMT LOANED OUT	ETHNIC GROUPS
ARKANSAS			
Arkansas Enterprise Group	70	$589,879.	White 33 Black 31 Amer In 2 ? 4
Delta Community Development Corp	(No loans to date)		
White River Planning & Dev Dist	(No loans to date)		
LOUISIANA			
Gtr Jennings Chamber/Commerce	5	$67,000.	White 4 Black 1
NEW MEXICO			
Women's Economic Self Suff: Team	20	$36,136.	White 12 Hispan 3 Amer In 3 Multi 2
OKLAHOMA			
Rural Enterprises, Inc.	(No loans to date)		
Tulsa Economic Development Corp	(No loans to date)		
TEXAS			
Business Resource Center Incubator	(No loans to date)		
San Antonio Local Development Corp	(No loans to date)		
Southern Dallas Development Corp	34	$487,735.	Black 17 White 11 Hispan 4 Amer In 2

EXHIBIT IV

7(a) LOANS APPROVED IN REGION VI

TEN YEAR PERIOD FROM 1983 TO 1993

AS OF 9/30/93

STATE	MINORITY CODE	# LOANS	TOTAL $ AMT	SBA AMT
ARKANSAS				
	0	84	6,123,750	5,480,124
	1	3	806,000	714,488
	2	5	1,007,991	896,746
	3	4	329,300	253,900
	4	22	8,097,677	6,451,691
	7	1,078	218,251,476	180,838,118
TOTAL STATE:	05	1,196	234,616,194	194,635,067
LOUISIANNA				
	0	95	9,735,790	8,570,946
	1	1	75,000	66,000
	2	7	1,288,500	1,073,150
	3	31	3,446,820	3,048,388
	4	45	9,051,856	7,755,591
	6	15	2,902,000	2,615,400
	7	1,415	300,745,157	253,783,308
	8	3	763,294	763,294
TOTAL STATE:	22	1,612	328,008,417	277,676,077
NEW MEXICO				
	0	14	1,785,080	1,517,912
	1	17	4,831,266	3,472,215
	2	18	4,134,276	3,520,798
	3	283	48,603,154	39,214,968
	4	22	5,712,800	4,794,710
	5	2	549,000	466,650
	6	120	26,089,493	21,829,452
	7	1,438	300,779,344	246,039,728
TOTAL STATE:	35	1,914	392,484,413	320,856,433
OKLAHOMA				
	0	51	8,926,470	7,492,549
	1	7	2,576,000	1,941,450

OKLAHOMA (CONTINUED)				
	2	83	15,559,022	12,477,975
	3	25	5,049,605	4,247,582
	4	75	21,373,263	17,388,054
	6	11	2,647,000	2,305,330
	7	1,801	366,582,116	304,188,326
	8	14	4,226,900	3,492,395
TOTAL STATE:	40	2,067	426,940,376	353,533,661
TEXAS				
	0	430	56,351,766	48,256,816
	1	60	11,109,892	9,245,065
	2	49	11,188,969	9,251,447
	3	2,016	270,517,928	229,144,494
	4	643	177,204,096	144,645,738
	5	1	40,000	34,000
	6	39	9,021,422	7,309,034
	7	11,434	2,425,445,812	2,004,023,439
	8	13	3,785,954	3,380,284
TOTAL STATE:	48	14,685	2,964,665,839	2,455,290,317

APPENDIX 2
MINORITY CODES
(Paragraph 9c, Ref.7)

To facilitate selecting the appropriate racial/ethnic category code with respect to partnership or corporation business loans, the following guidelines apply: There must be at least 51 percent ownership and/or management on the part of the general partners or corporate officers comprising a particular category. Management may be defined as the exercising of power to make policy decisions and having active involvement in the day-to-day operations of the small business concern. Where at least 51% ownership can be determined to be applicable to minority groups, but no single minority group itself reflects 51% or more ownership of a partnership or corporation, code "8" shall be used.

Code	Racial/Ethnic Category
0	BLACK - A person having origins in any of the black racial groups of Africa.
1	PUERTO RICAN - A person of Puerto Rican origins, regardless of race.
2	AMERICAN INDIAN - A person having origins in any of the original peoples of North America, and who maintains cultural identification through tribal affiliations or community recognition.
3	HISPANIC (other than Puerto Rican) - A person of Mexican, Cuban, Central or South American or other Spanish culture or origin, regardless of race.
4	ASIAN or PACIFIC ISLANDER - A person having origins in any of the original peoples of the Far East, Southeast Asia, the Indian subcontinent, or Pacific Islands. This area includes, for example, China, India, Korea, the Philippine Islands, and Samoa.
5	ESKIMO and ALEUTS - A person having origins in any of the original peoples of Alaska and Aleutian Islands.
6	UNDETERMINED

APPENDIX 2

Code	Racial/Ethnic Category
7	WHITE - A person having origins in any of the original peoples of Europe, North Africa, or the Middle East.
8	MULTI GROUPS - This code shall be used only for minority enterprises where partnership or corporate ownership/management is: 51% or greater for the total of all minority groups (codes 0 through 5) comprising the partnership or corporation, but individually less than 51% for each of these groups.

Example: Partnership consists of: 1 Hispanic (33-1/3%), 1 Asian (33-1/3%), and 1 White (33-1/3%). This would constitute a "multi-group" category, inasmuch as it is 66-2/3% minority owned.

EXHIBIT VI

14 OCT 1993 LOANS APPROVALS 83 - 93 REGION 06 PAGE 1
REF#: 9401461 AS OF 09/30/93

STATE	SIC CODE	NO. LOANS	TOTAL AMOUNT	SBA AMOUNT
ARKANSAS				
05	0000	5	695,000	612,600
05	0116	2	690,000	621,000
05	0181	4	887,600	713,010
05	0191	2	360,000	324,000
05	0212	2	85,700	74,491
05	0213	9	2,603,400	2,149,976
05	0241	2	325,000	270,825
05	0251	37	8,443,810	7,140,873
05	0252	11	2,952,000	2,518,109
05	0253	2	745,000	631,250
05	0254	12	2,541,000	1,951,875
05	0259	4	515,000	432,665
05	0273	1	130,000	117,000
05	0279	1	100,000	65,000
05	0291	1	86,500	77,850
05	0711	1	125,000	102,500
05	0721	11	2,037,900	1,663,801
05	0723	1	400,000	300,000
05	0724	3	1,202,000	919,240
05	0742	5	510,500	454,150
05	0752	3	357,000	330,900
05	0781	1	31,000	26,350
05	0782	2	91,000	86,300
05	1161	1	510,000	408,000
05	1311	1	700,000	595,000
05	1389	3	405,000	337,200
05	1429	1	120,000	120,000
05	1521	5	469,000	402,320
05	1541	1	800,000	488,000
05	1542	1	150,000	150,000
05	1611	4	599,000	491,200
05	1622	1	47,000	47,000
05	1623	6	1,397,600	1,157,492
05	1629	2	80,664	70,598
05	1711	15	2,100,500	1,737,045
05	1721	2	93,300	80,550
05	1731	6	729,000	611,700
05	1742	2	140,000	116,000
05	1751	1	76,000	62,016
05	1761	2	192,000	175,632
05	1771	2	195,000	177,450
05	1793	1	132,000	118,800
05	1794	3	553,000	463,240

STATE	SIC CODE	NO. LOANS	TOTAL AMOUNT	SBA AMOUNT
05	1799	1	302,200	241,760
05	2022	2	1,250,000	905,000
05	2033	1	749,000	749,000
05	2048	3	1,214,000	1,031,900
05	2052	1	500,000	425,000
05	2064	3	532,676	457,703
05	2084	1	146,000	124,100
05	2097	4	956,000	766,330
05	2211	1	107,000	107,000
05	2221	1	91,000	81,900
05	2253	1	200,000	160,000
05	2299	1	900,000	720,000
05	2329	8	2,903,500	2,268,717
05	2337	2	326,000	284,550
05	2391	1	12,000	12,000
05	2392	1	22,000	22,000
05	2394	1	37,500	33,750
05	2396	1	100,000	90,000
05	2411	6	1,471,000	1,194,855
05	2421	6	1,705,000	1,365,600
05	2426	1	387,500	329,375
05	2429	1	25,000	21,500
05	2431	2	451,000	366,660
05	2434	2	400,000	322,500
05	2439	3	189,000	168,358
05	2448	2	272,000	229,600
05	2449	1	134,000	107,200
05	2452	1	75,000	67,500
05	2491	1	600,000	480,000
05	2499	5	773,000	496,740
05	2511	9	2,142,290	1,858,415
05	2512	2	523,600	448,060
05	2514	1	330,400	278,875
05	2515	1	150,000	135,000
05	2517	2	748,000	748,000
05	2521	1	137,099	123,389
05	2531	1	110,000	55,000
05	2653	1	750,000	637,500
05	2673	1	400,000	320,000
05	2675	2	412,000	352,248
05	2711	1	216,000	183,800
05	2741	1	625,000	531,250
05	2752	10	2,473,000	2,189,190
05	2759	8	988,000	884,600
05	2782	1	180,000	144,000
05	2789	2	245,500	215,425
05	2791	1	15,000	13,500
05	2836	1	138,000	124,200
05	2841	2	690,000	556,000
05	2842	1	114,000	91,200
05	2851	1	156,000	156,000
05	2869	2	235,000	230,000

STATE	SIC CODE	NO. LOANS	TOTAL AMOUNT	SBA AMOUNT
05	2899	1	331,000	261,350
05	2952	1	750,000	600,000
05	3088	1	138,000	110,400
05	3089	1	480,000	403,200
05	3231	3	1,235,600	1,050,260
05	3269	1	25,000	25,000
05	3272	1	262,000	222,700
05	3273	4	1,813,000	1,128,550
05	3281	1	600,000	450,000
05	3295	1	389,000	389,000
05	3429	2	566,500	485,775
05	3441	8	1,800,500	1,525,691
05	3442	2	542,785	449,215
05	3443	1	384,100	311,121
05	3444	3	718,991	627,746
05	3451	2	423,000	347,900
05	3452	2	357,500	323,000
05	3469	2	286,000	259 000
05	3471	3	575,000	427,500
05	3499	4	711,700	676,230
05	3523	7	1,932,500	1,675,725
05	3531	3	854,138	720,462
05	3541	2	650,000	537,500
05	3544	2	784,000	627,200
05	3545	1	35,000	30,625
05	3553	2	186,000	186,000
05	3561	1	300,000	270,000
05	3582	1	212,600	170,080
05	3599	9	1,297,000	1,118,380
05	3612	2	1,000,000	798,000
05	3651	1	500,000	400,000
05	3661	2	216,000	216,000
05	3674	1	616,950	507,749
05	3679	2	268,165	224,561
05	3691	1	870,000	609,000
05	3711	1	100,000	100,000
05	3714	2	1,150,000	814,900
05	3715	1	105,000	105,000
05	3728	1	750,000	750,000
05	3731	1	215,000	177,805
05	3743	1	100,000	90,000
05	3792	1	50,000	45,000
05	3799	1	67,000	60,300
05	3827	1	250,000	212,500
05	3841	1	550,000	445,500
05	3914	1	250,000	212,500
05	3931	2	56,000	43,200
05	3942	1	40,000	35,600
05	3944	1	114,600	98,327
05	3949	10	3,025,800	2,565,445
05	3991	1	150,000	150,000
05	3993	2	427,000	344,300

STATE	SIC CODE	NO.LOANS	TOTAL AMOUNT	SBA AMOUNT
05	3999	4	345,000	297,950
05	4011	1	815,000	652,000
05	4121	1	45,000	45,000
05	4142	1	275,000	220,000
05	4173	1	85,000	85,000
05	4212	5	1,032,500	767,705
05	4213	9	2,521,300	2,115,390
05	4214	1	385,000	273,350
05	4225	1	206,000	206,000
05	4493	4	1,045,000	919,700
05	4731	1	77,000	69,300
05	4813	1	428,621	364,327
05	4832	4	965,500	819,950
05	4899	1	6,000	6,000
05	5012	2	515,000	431,950
05	5013	11	1,480,000	1,255,700
05	5023	2	270,000	225,100
05	5031	4	2,115,000	1,583,500
05	5045	2	360,000	297,500
05	5049	2	232,000	208,800
05	5051	1	200,000	172,000
05	5063	4	1,165,000	970,400
05	5064	1	865,800	693,506
05	5065	2	693,000	455,700
05	5072	2	465,000	390,500
05	5074	1	150,000	96,000
05	5083	5	1,596,000	1,307,051
05	5084	6	1,778,000	1,488,000
05	5085	2	415,000	360,250
05	5087	4	934,000	826,600
05	5088	2	350,000	290,000
05	5093	2	277,500	250,500
05	5094	1	68,000	61,200
05	5111	1	67,500	80,750
05	5113	1	938,800	749,162
05	5122	3	945,000	756,000
05	5138	1	23,000	19,780
05	5137	2	56,000	51,800
05	5141	6	1,442,000	1,239,050
05	5144	1	244,000	204,960
05	5147	1	80,000	80,000
05	5148	2	333,200	277,904
05	5149	4	661,500	574,950
05	5153	3	2,000,000	1,620,000
05	5154	1	100,000	90,000
05	5171	3	610,000	521,250
05	5172	4	1,628,000	1,481,750
05	5191	8	1,858,400	1,555,410
05	5192	1	275,000	275,000
05	5199	1	50,000	50,000
06	5211	7	1,363,500	1,144,675
06	5231	2	145,000	105,400

STATE	SIC CODE	NO. LOANS	TOTAL AMOUNT	SBA AMOUNT
05	5251	12	3,001,050	2,513,930
05	5261	3	197,500	186,250
05	5271	1	170,000	144,500
05	5291	1	100,000	90,000
05	5399	1	85,000	78,500
05	5411	39	7,365,300	6,503,660
05	5461	6	268,900	247,620
05	5499	3	169,000	149,200
05	5511	20	4,955,000	4,124,800
05	5531	24	3,041,200	2,537,330
05	5541	15	2,223,000	1,984,570
05	5551	5	819,000	703,600
05	5571	1	175,000	141,750
05	5621	9	531,000	466,200
05	5632	2	350,000	287,000
05	5641	1	65,000	58,500
05	5651	6	317,250	286,086
05	5661	4	226,600	200,076
05	5699	7	760,000	640,770
05	5712	14	1,331,500	1,165,900
05	5713	8	1,311,500	1,103,730
05	5719	1	150,000	120,000
05	5722	5	698,000	650,550
05	5731	5	458,750	395,375
05	5734	1	350,000	260,750
05	5736	2	197,500	169,125
05	5812	59	11,141,450	9,491,063
05	5813	9	1,454,000	1,226,140
05	5912	5	473,000	432,500
05	5921	13	1,123,964	1,009,818
05	5932	3	245,000	235,500
05	5941	10	616,000	525,880
05	5943	2	69,000	62,100
05	5944	4	961,000	784,600
05	5947	6	814,000	382,390
05	5949	2	60,000	54,000
05	5961	2	128,000	126,000
05	5962	2	437,000	373,300
05	5983	1	225,000	180,000
05	5984	1	1,000,000	750,000
05	5992	3	302,600	248,893
05	5993	1	38,500	38,500
05	5995	1	50,000	45,000
05	5999	6	507,500	464,440
05	6411	5	272,250	241,463
05	7011	29	11,647,777	9,073,236
05	7021	1	150,000	127,500
05	7032	3	1,292,000	1,050,400
05	7212	3	694,500	576,100
05	7215	8	562,800	498,170
05	7218	4	404,400	354,960
05	7219	2	58,500	41,993

STATE	SIC CODE	NO. LOANS	TOTAL AMOUNT	SBA AMOUNT
05	7221	2	55,000	51,250
05	7231	12	820,100	736,700
05	7261	4	689,000	652,500
05	7291	1	55,000	55,000
05	7299	8	550,100	482,532
05	7311	2	305,000	263,250
05	7323	2	24,000	21,600
05	7334	1	405,000	324,000
05	7335	3	190,000	164,000
05	7336	1	205,000	164,000
05	7349	2	105,400	91,400
05	7352	1	425,000	340,000
05	7359	19	3,796,522	2,833,524
05	7373	1	123,000	110,700
05	7374	1	165,000	132,000
05	7379	3	810,000	701,800
05	7381	1	54,000	48,600
05	7382	1	20,000	20,000
05	7384	3	450,000	385,000
05	7389	7	233,900	205,110
05	7514	1	335,000	284,750
05	7515	1	100,000	100,000
05	7532	15	1,116,000	960,944
05	7534	1	45,700	41,130
05	7536	1	25,000	17,750
05	7537	2	416,000	348,900
05	7538	16	1,235,000	1,077,350
05	7539	9	597,400	541,970
05	7542	7	993,700	946,630
05	7549	7	1,137,400	954,839
05	7623	5	531,000	441,600
05	7641	1	104,000	83,200
05	7694	2	95,900	86,310
05	7699	13	814,500	718,300
05	7812	1	8,000	7,200
05	7822	2	200,000	183,000
05	7841	3	250,000	205,500
05	7922	2	478,000	385,624
05	7933	5	4,042,053	1,923,584
05	7948	1	475,000	394,250
05	7991	1	54,000	48,600
05	7992	3	1,000,000	800,200
05	7993	1	7,500	7,500
05	7997	1	56,000	50,400
05	7999	13	1,710,200	1,503,530
05	8011	9	2,663,524	2,049,645
05	8021	8	791,300	683,590
05	8031	1	390,700	293,025
05	8041	4	591,000	506,100
05	8042	2	249,800	229,840
05	8049	1	75,000	67,500
05	8051	7	4,042,000	3,861,650

STATE	SIC CODE	NO. LOANS	TOTAL AMOUNT	SBA AMOUNT
05	8059	2	1,434,000	1,164,000
05	8072	2	26,000	24,400
05	8099	2	247,515	206,412
05	8111	8	682,000	618,300
05	8331	2	550,000	510,000
05	8351	9	1,334,200	1,137,000
05	8412	1	33,000	29,700
05	8422	1	955,000	744,900
05	8711	1	85,000	76,500
05	8712	2	66,400	58,213
05	8713	1	50,000	40,850
05	8721	6	1,078,000	696,800
05	8731	1	233,000	194,322
05	8733	1	352,000	281,600
05	8734	2	590,000	506,000
05	8999	2	315,000	270,050
05	9999	1	120,000	102,800
TOTAL STATE:	05	1,196	234,616,194	194,635,067

LOUISIANA

22	0112	1	210,000	178,500
22	0181	2	277,500	246,000
22	0182	1	550,000	495,000
22	0251	23	9,143,571	7,707,344

STATE	SIC CODE	NO. LOANS	TOTAL AMOUNT	SBA AMOUNT
22	0252	11	4,730,762	3,921,618
22	0279	4	462,500	387,250
22	0291	2	424,000	363,400
22	0721	7	1,526,000	1,307,110
22	0723	1	475,000	427,500
22	0741	3	507,000	399,120
22	0742	11	1,134,150	986,640
22	0752	1	56,000	50,400
22	0781	4	479,300	420,180
22	0782	3	209,450	204,738
22	0831	1	500,000	400,000
22	0912	1	47,430	42,687
22	0913	7	780,000	674,200
22	1311	1	256,000	204,800
22	1381	1	595,000	497,777
22	1389	21	6,033,015	5,096,063
22	1521	1	88,500	79,650
22	1541	5	1,247,350	1,088,498
22	1542	5	283,000	259,000
22	1611	9	2,289,000	1,888,030
22	1623	3	493,000	419,614
22	1629	5	1,090,000	910,625
22	1711	7	835,000	700,100
22	1721	4	450,000	397,500
22	1731	9	1,630,689	1,361,283
22	1742	6	1,581,400	1,321,220
22	1743	1	100,000	86,000
22	1752	1	93,200	83,880
22	1761	4	341,500	279,470
22	1771	2	864,300	665,440
22	1791	1	250,000	200,000
22	1793	1	50,000	42,500
22	1794	5	967,666	802,383
22	1799	19	3,936,936	3,248,399
22	2011	2	430,000	387,000
22	2013	1	194,000	155,200
22	2024	1	184,000	129,904
22	2032	1	950,000	749,550
22	2033	1	99,939	99,939
22	2038	1	150,000	135,000
22	2044	1	886,000	886,000
22	2064	1	60,000	51,000
22	2082	3	550,249	453,949
22	2084	1	138,000	138,000
22	2091	2	435,000	359,750
22	2092	4	1,100,000	935,880
22	2097	1	250,000	200,000
22	2098	1	200,000	160,000
22	2099	4	1,275,000	1,079,850
22	2261	1	190,000	159,600
22	2262	1	700,000	583,100
22	2298	2	750,000	635,000

STATE	SIC CODE	NO. LOANS	TOTAL AMOUNT	SBA AMOUNT
22	2311	2	1,000,000	850,000
22	2325	1	160,000	144,000
22	2329	1	108,000	108,000
22	2335	1	65,000	58,500
22	2337	2	1,630,000	1,385,500
22	2339	1	250,000	205,000
22	2387	1	162,000	162,000
22	2393	2	771,000	771,000
22	2394	1	101,500	91,248
22	2395	1	94,000	84,600
22	2396	1	21,000	18,900
22	2397	1	16,500	14,850
22	2399	1	82,883	70,451
22	2411	1	25,000	22,500
22	2421	9	3,498,000	2,918,000
22	2426	1	120,000	108,000
22	2431	2	898,970	583,973
22	2434	1	50,000	40,000
22	2435	2	184,000	174,000
22	2439	1	162,000	134,598
22	2448	2	828,000	711,450
22	2451	1	438,000	438,000
22	2452	3	587,000	462,950
22	2491	2	760,700	608,560
22	2499	1	100,000	65,000
22	2512	2	340,800	284,220
22	2591	1	520,000	442,000
22	2652	1	850,000	722,500
22	2653	2	302,000	302,000
22	2655	1	793,500	499,905
22	2675	1	120,000	102,000
22	2752	10	2,101,900	1,730,860
22	2759	6	986,375	829,850
22	2761	3	810,000	655,300
22	2813	3	1,460,000	1,213,000
22	2821	1	134,000	134,000
22	2841	1	432,000	432,000
22	2843	1	575,000	494,500
22	2844	5	1,370,000	1,164,500
22	2861	1	175,000	148,750
22	2879	1	750,000	637,500
22	2893	1	882,000	749,700
22	2899	1	183,000	155,550
22	2951	1	164,000	139,400
22	2992	1	214,000	171,200
22	3053	1	220,000	187,000
22	3069	1	80,000	72,000
22	3089	4	1,336,200	1,188,220
22	3111	1	725,000	616,250
22	3272	2	1,075,000	980,000
22	3365	1	371,500	297,200
22	3398	2	350,000	297,500

LOANS APPROVALS 83 - 93 REGION 06
AS OF 09/30/93

STATE	SIC CODE	NO.LOANS	TOTAL AMOUNT	SBA AMOUNT
22	3411	1	145,200	130,880
22	3412	1	1,000,000	750,000
22	3429	1	300,000	240,000
22	3441	4	1,367,600	1,100,808
22	3442	2	280,000	226,000
22	3443	3	950,000	813,800
22	3444	1	105,000	89,250
22	3446	1	40,000	36,000
22	3451	1	155,000	116,250
22	3471	3	311,000	280,750
22	3479	1	622,400	516,592
22	3494	3	577,000	478,550
22	3498	1	186,000	186,000
22	3499	3	705,000	552,250
22	3523	2	1,012,000	837,556
22	3533	31	4,860,553	4,058,923
22	3577	1	750,000	622,500
22	3585	1	578,000	491,300
22	3586	1	59,000	59,000
22	3589	1	340,000	306,000
22	3599	13	2,878,765	2,486,039
22	3613	1	1,000,000	750,000
22	3674	2	284,300	257,440
22	3679	2	275,000	214,250
22	3694	1	250,000	212,500
22	3699	1	33,300	29,970
22	3711	1	300,000	255,000
22	3714	1	155,000	139,500
22	3715	1	658,000	658,000
22	3731	5	1,270,000	1,120,000
22	3799	1	30,000	27,000
22	3812	2	610,000	516,500
22	3823	1	52,500	47,250
22	3841	1	99,000	89,100
22	3842	2	400,000	360,000
22	3942	1	51,000	51,000
22	3949	12	6,330,000	4,958,000
22	3995	1	550,000	349,800
22	3999	1	250,000	212,500
22	4142	1	37,000	33,300
22	4212	8	572,700	512,605
22	4213	7	1,420,000	1,186,653
22	4214	2	418,000	418,000
22	4221	1	100,000	90,000
22	4225	8	1,932,200	1,916,918
22	4226	2	667,800	567,630
22	4489	1	275,000	233,750
22	4491	1	47,500	42,750
22	4492	6	2,038,050	1,703,061
22	4493	2	195,000	172,500
22	4499	1	800,000	851,200
22	4522	3	406,500	365,850

STATE	SIC CODE	NO. LOANS	TOTAL AMOUNT	SBA AMOUNT
22	4581	2	605,000	514,250
22	4724	3	164,000	147,400
22	4731	1	150,000	150,000
22	4789	1	425,000	347,225
22	4812	4	505,151	444,828
22	4813	1	50,000	45,000
22	4833	1	550,000	495,000
22	4899	5	1,161,207	923,784
22	4939	1	372,588	306,639
22	4953	1	155,000	139,500
22	5013	12	3,162,792	2,725,289
22	5021	2	560,494	452,395
22	5023	2	255,000	212,000
22	5031	5	988,000	802,680
22	5032	1	80,000	72,000
22	5033	2	311,825	259,460
22	5039	7	1,782,000	1,518,050
22	5044	2	222,500	192,500
22	5045	9	1,179,000	1,062,000
22	5047	3	425,000	364,750
22	5049	1	350,000	280,000
22	5051	6	1,985,000	1,614,500
22	5063	7	1,152,100	926,050
22	5065	5	795,000	699,000
22	5072	3	358,000	333,000
22	5074	3	244,200	204,510
22	5075	2	588,000	484,280
22	5082	2	1,315,000	1,089,500
22	5083	3	220,000	187,000
22	5084	8	2,158,000	1,842,650
22	5085	16	3,609,500	3,060,250
22	5087	6	768,000	664,040
22	5088	9	1,713,000	1,451,450
22	5091	1	124,000	105,400
22	5092	1	26,000	20,800
22	5094	1	200,000	163,500
22	5099	2	487,000	447,000
22	5111	1	300,000	240,000
22	5112	5	815,000	570,500
22	5113	2	531,200	441,520
22	5122	1	160,000	128,920
22	5131	1	500,000	425,000
22	5137	1	500,000	425,000
22	5141	6	1,730,000	1,607,250
22	5142	1	500,000	425,000
22	5145	3	848,185	657,348
22	5146	7	1,820,000	1,547,500
22	5147	2	525,000	488,500
22	5148	1	65,000	58,500
22	5149	3	450,700	385,630
22	5153	1	150,000	135,000
22	5169	6	929,000	807,000

STATE	SIC CODE	NO. LOANS	TOTAL AMOUNT	SBA AMOUNT
22	5171	4	1,857,000	1,552,000
22	5172	6	1,023,500	857,300
22	5191	2	145,000	123,370
22	5193	2	610,000	484,690
22	5198	2	200,000	168,000
22	5199	5	1,094,000	946,250
22	5211	6	1,530,000	1,337,160
22	5231	4	272,000	224,400
22	5251	18	3,035,500	2,612,525
22	5261	2	525,000	419,250
22	5271	1	400,000	320,000
22	5311	3	540,000	486,250
22	5331	2	191,000	177,000
22	5339	1	126,000	113,400
22	5399	4	836,500	697,850
22	5411	74	13,799,250	11,702,589
22	5421	5	322,000	312,000
22	5431	2	460,675	391,574
22	5441	1	68,480	61,632
22	5451	1	60,000	48,000
22	5461	7	1,057,800	875,116
22	5499	4	645,000	534,250
22	5511	7	3,324,500	2,863,328
22	5521	4	397,000	335,900
22	5531	21	3,716,100	3,048,557
22	5541	32	6,158,432	4,958,734
22	5551	6	927,000	773,150
22	5561	1	166,000	54,780
22	5571	1	129,000	87,720
22	5611	9	2,466,396	1,974,867
22	5621	9	570,250	521,225
22	5632	4	285,500	230,645
22	5641	6	773,700	643,700
22	5651	4	305,000	257,000
22	5661	3	240,000	216,000
22	5699	2	100,000	90,000
22	5712	12	1,995,500	1,854,750
22	5713	5	586,440	527,796
22	5719	1	20,200	20,200
22	5722	1	281,000	281,000
22	5731	7	999,000	857,590
22	5734	5	475,000	343,650
22	5735	1	20,000	20,000
22	5736	3	380,000	313,880
22	5812	119	20,425,772	17,623,505
22	5813	1	750,000	637,500
22	5912	19	3,273,000	2,785,200
22	5921	2	69,000	65,000
22	5932	4	466,600	391,440
22	5941	18	3,636,057	3,074,061
22	5943	8	2,168,200	1,785,010
22	5944	14	1,574,500	1,370,300

STATE	SIC CODE	NO. LOANS	TOTAL AMOUNT	SBA AMOUNT
22	5945	2	135,000	121,500
22	5947	13	809,950	738,655
22	5948	1	60,000	54,000
22	5949	5	205,000	184,500
22	5961	1	50,000	45,000
22	5962	2	653,960	550,418
22	5984	1	65,000	57,850
22	5992	7	751,250	659,225
22	5995	4	490,000	416,500
22	5999	23	1,700,500	1,518,500
22	6099	1	82,500	69,713
22	6411	4	158,500	142,650
22	6541	1	148,500	130,680
22	6794	1	155,000	139,500
22	7011	20	9,219,100	7,852,440
22	7033	5	1,790,678	1,476,899
22	7211	10	1,157,600	1,053,590
22	7213	1	85,000	76,500
22	7215	5	412,288	359,559
22	7216	5	401,008	344,526
22	7217	1	65,000	58,500
22	7219	1	106,000	95,400
22	7221	1	55,000	49,500
22	7231	17	1,003,700	919,300
22	7261	2	872,000	754,980
22	7299	4	427,000	412,500
22	7311	4	241,543	212,477
22	7312	1	220,000	160,782
22	7323	2	247,700	185,775
22	7334	3	270,000	233,600
22	7335	1	40,000	40,000
22	7336	2	125,000	112,500
22	7342	1	103,900	93,510
22	7349	1	20,000	18,000
22	7352	1	120,000	108,000
22	7353	1	350,000	280,000
22	7359	27	7,994,117	6,334,817
22	7361	1	40,000	36,000
22	7363	1	40,000	36,000
22	7372	5	535,000	459,000
22	7374	3	725,000	595,000
22	7375	1	125,000	112,500
22	7379	4	216,800	195,120
22	7382	1	105,000	84,000
22	7384	4	560,000	409,250
22	7389	24	3,806,765	3,209,172
22	7513	1	271,000	219,510
22	7532	4	345,000	308,190
22	7533	3	571,938	362,744
22	7534	3	341,000	289,400
22	7537	1	50,000	45,000
22	7538	21	4,048,950	3,377,535

STATE	SIC CODE	NO. LOANS	TOTAL AMOUNT	SBA AMOUNT
22	7539	3	581,900	498,115
22	7541	1	114,500	103,050
22	7542	11	3,328,300	2,825,920
22	7549	7	1,255,574	1,059,736
22	7622	3	405,000	347,000
22	7629	3	263,400	236,220
22	7692	1	30,000	27,000
22	7694	1	300,000	255,000
22	7699	15	2,426,650	2,069,955
22	7812	4	409,650	368,685
22	7819	1	80,000	72,000
22	7841	8	1,233,000	1,059,900
22	7911	2	188,000	188,000
22	7933	4	1,640,000	1,628,000
22	7991	7	1,590,000	1,347,524
22	7992	1	165,000	135,300
22	7993	2	55,000	48,000
22	7996	3	584,642	504,946
22	7999	13	3,175,520	2,753,638
22	8011	11	2,157,000	1,846,100
22	8021	14	1,865,804	1,637,181
22	8041	1	201,000	170,850
22	8042	2	296,321	246,657
22	8043	2	259,200	231,120
22	8049	5	485,000	416,000
22	8051	2	1,232,000	1,232,000
22	8059	1	377,600	339,840
22	8071	2	461,500	375,800
22	8072	1	210,000	126,000
22	8082	3	203,000	182,700
22	8092	1	1,165,500	749,999
22	8099	2	590,000	485,214
22	8111	5	680,000	622,400
22	8211	1	360,000	306,000
22	8243	1	106,000	95,400
22	8244	1	250,000	207,500
22	8249	1	40,000	36,000
22	8299	2	186,500	159,525
22	8331	1	150,000	150,000
22	8351	26	2,738,418	2,412,039
22	8361	4	821,094	811,014
22	8711	12	3,051,600	2,571,072
22	8713	1	350,000	297,500
22	8721	7	255,200	224,660
22	8731	2	210,000	184,500
22	8734	6	1,695,000	1,446,500
22	8748	1	150,000	135,000
22	8999	2	1,056,400	568,906
TOTAL STATE:	22	1,612	328,008,417	277,676,077

STATE	SIC CODE	NO. LOANS	TOTAL AMOUNT	SBA AMOUNT
NEW MEXICO				
35	0000	3	629,000	511,800
35	0025	1	457,000	411,300
35	0119	1	85,000	51,000
35	0131	5	383,400	336,560
35	0181	3	693,500	571,300
35	0191	1	26,400	23,760
35	0211	1	75,000	63,750
35	0212	1	305,216	256,382
35	0249	1	250,000	225,000
35	0721	3	300,000	280,000
35	0722	1	121,700	97,360
35	0723	4	2,592,692	2,203,788
35	0741	1	55,000	49,500
35	0742	32	6,510,266	5,475,824
35	0751	1	1,000,000	500,000
35	0752	2	163,000	152,000
35	0781	5	774,000	624,800
35	0782	2	161,000	140,750
35	0851	1	15,000	13,500
35	1099	1	60,000	54,000
35	1321	2	823,710	675,154
35	1381	1	98,500	78,800
35	1382	1	215,000	182,750
35	1389	9	3,855,356	2,679,105
35	1429	1	21,700	19,530
35	1481	1	555,000	499,500
35	1499	1	75,000	67,500
35	1521	8	956,500	832,625
35	1522	2	918,700	583,698
35	1541	1	175,000	148,750
35	1542	4	903,150	761,677
35	1611	14	3,183,100	2,623,502

STATE	SIC CODE	NO.LOANS	TOTAL AMOUNT	SBA AMOUNT
35	1623	8	2,642,000	2,133,400
35	1629	5	1,466,000	1,192,920
35	1711	19	1,984,250	1,704,711
35	1721	1	630,000	465,885
35	1731	21	3,292,790	2,709,882
35	1741	3	483,989	333,137
35	1742	1	100,000	90,000
35	1743	1	30,000	27,000
35	1751	5	1,722,600	1,042,110
35	1771	2	178,000	138,000
35	1791	2	528,600	444,810
35	1793	2	353,000	256,400
35	1794	5	981,140	786,826
35	1796	2	282,000	241,300
35	1799	8	1,600,550	1,358,980
35	2011	5	601,848	514,071
35	2024	3	205,000	184,500
35	2033	1	230,000	195,500
35	2034	2	676,000	613,000
35	2037	1	675,896	574,512
35	2038	1	43,000	21,500
35	2041	1	120,000	99,600
35	2048	4	1,833,000	1,538,050
35	2051	3	200,000	182,000
35	2095	1	31,200	28,080
35	2097	2	640,000	536,000
35	2099	3	1,538,500	1,278,860
35	2231	1	140,000	126,000
35	2261	2	253,887	212,027
35	2273	2	150,000	135,000
35	2321	1	50,800	50,800
35	2331	1	35,500	26,625
35	2335	1	400,000	360,000
35	2339	1	118,300	100,555
35	2396	1	88,877	61,325
35	2421	2	575,000	532,500
35	2426	2	80,000	72,000
35	2431	5	908,700	762,630
35	2434	3	517,000	420,800
35	2499	3	300,000	241,000
35	2511	1	60,000	54,000
35	2512	1	80,000	72,000
35	2515	1	70,000	56,000
35	2517	1	200,000	162,000
35	2541	1	384,000	307,200
35	2542	1	40,000	36,000
35	2599	1	285,408	228,326
35	2631	1	40,000	36,000
35	2675	1	92,000	82,800
35	2677	1	911,000	683,250
35	2731	1	151,000	122,310
35	2732	1	120,000	96,000

STATE	SIC CODE	NO.LOANS	TOTAL AMOUNT	SBA AMOUNT
35	2752	3	1,003,300	865,555
35	2754	3	715,000	582,500
35	2759	3	625,500	471,050
35	2771	1	72,000	64,800
35	2782	1	156,000	110,760
35	2796	1	274,010	232,909
35	2819	1	700,000	595,000
35	2842	1	50,000	45,000
35	2869	1	700,018	574,015
35	2874	1	337,000	276,340
35	2899	1	250,000	225,000
35	2911	4	450,000	372,500
35	3089	2	185,000	163,000
35	3199	1	140,000	126,000
35	3200	1	40,000	36,000
35	3211	1	500,000	105,000
35	3269	3	700,000	611,250
35	3271	2	798,000	647,640
35	3272	2	186,500	136,980
35	3433	2	196,000	167,260
35	3441	2	299,000	259,100
35	3442	2	460,000	391,000
35	3444	1	410,000	352,600
35	3471	1	150,000	120,000
35	3479	1	500,000	450,000
35	3482	1	249,000	199,200
35	3494	1	225,000	191,250
35	3498	1	587,000	469,600
35	3499	2	212,000	180,000
35	3523	3	390,000	341,000
35	3531	2	615,000	494,650
35	3533	1	350,000	252,000
35	3534	1	700,000	560,000
35	3541	1	425,000	382,500
35	3544	3	540,000	432,000
35	3549	1	228,070	45,814
35	3552	1	400,000	340,000
35	3553	1	210,000	178,500
35	3559	2	261,000	234,900
35	3571	2	613,500	536,370
35	3579	2	231,250	168,125
35	3581	1	122,100	101,343
35	3582	1	165,000	140,250
35	3585	5	2,615,000	1,556,250
35	3589	1	52,000	46,800
35	3599	12	3,408,172	2,782,602
35	3633	3	216,912	185,866
35	3635	1	200,000	180,000
35	3641	1	150,000	135,000
35	3646	2	565,000	459,250
35	3651	1	71,250	64,125
35	3661	1	75,000	75,000

STATE	SIC CODE	NO.LOANS	TOTAL AMOUNT	SBA AMOUNT
35	3663	2	172,000	141,800
35	3669	1	250,000	212,500
35	3672	2	654,000	547,420
35	3674	1	550,000	495,000
35	3679	4	915,035	793,123
35	3728	1	550,000	440,000
35	3743	1	65,000	58,500
35	3799	1	103,000	82,400
35	3825	4	506,200	438,270
35	3829	3	485,000	403,600
35	3841	1	64,500	58,050
35	3842	2	1,662,352	1,389,599
35	3861	1	301,500	241,200
35	3911	6	1,757,000	1,483,350
35	3915	4	1,077,218	811,455
35	3949	1	100,000	90,000
35	3952	1	30,000	27,000
35	3999	1	140,000	126,000
35	4111	1	310,000	279,000
35	4121	1	255,000	193,800
35	4151	1	144,000	129,600
35	4212	2	450,000	345,000
35	4213	3	237,000	207,524
35	4214	4	1,220,500	1,018,000
35	4221	1	100,000	90,000
35	4225	10	2,342,400	1,947,905
35	4226	1	400,000	360,000
35	4231	1	26,500	23,320
35	4311	1	48,000	43,200
35	4491	1	120,000	105,600
35	4512	2	300,000	270,000
35	4581	2	267,100	234,240
35	4724	2	375,000	321,250
35	4731	2	385,000	329,000
35	4899	1	80,000	72,000
35	4911	1	1,150,000	494,500
35	4932	1	300,000	252,000
35	4953	2	393,169	328,167
35	4961	1	176,000	149,600
35	5013	12	1,968,534	1,681,180
35	5014	1	547,300	492,570
35	5015	1	450,000	382,500
35	5021	4	790,000	646,000
35	5023	2	360,000	315,600
35	5031	3	1,309,000	1,038,450
35	5032	2	425,000	361,250
35	5039	2	325,000	292,500
35	5043	1	25,000	22,500
35	5045	2	300,000	250,000
35	5046	1	65,000	58,500
35	5047	4	1,153,737	955,961
35	5049	3	566,500	509,850

STATE	SIC CODE	NO.LOANS	TOTAL AMOUNT	SBA AMOUNT
35	5051	5	1,077,200	893,470
35	5063	4	356,000	307,900
35	5064	1	50,000	45,000
35	5065	4	884,500	697,975
35	5074	4	1,031,250	883,750
35	5075	1	312,000	265,200
35	5082	6	1,410,000	1,219,000
35	5083	2	945,000	791,750
35	5084	15	2,445,854	2,030,578
35	5085	4	281,200	251,680
35	5087	5	587,000	517,300
35	5088	4	1,712,500	1,112,630
35	5091	3	695,000	579,500
35	5092	2	1,070,000	909,500
35	5093	2	220,000	198,000
35	5094	5	1,063,000	907,950
35	5111	4	354,962	293,873
35	5112	6	1,783,561	1,555,677
35	5113	1	44,000	39,600
35	5141	6	1,466,945	1,212,734
35	5143	2	104,000	85,880
35	5147	2	650,000	553,000
35	5148	1	500,000	400,000
35	5149	2	95,000	84,300
35	5154	2	900,000	810,000
35	5159	3	522,000	422,100
35	5162	1	117,000	104,130
35	5169	1	268,000	227,800
35	5171	2	900,000	630,000
35	5172	8	4,768,876	3,192,751
35	5182	1	150,000	111,000
35	5191	8	1,131,000	999,600
35	5193	5	2,144,000	1,757,000
35	5199	4	447,000	387,230
35	5211	18	3,529,550	2,803,574
35	5231	6	1,113,000	966,700
35	5251	19	3,258,600	2,677,085
35	5261	3	736,000	549,120
35	5311	3	975,000	729,500
35	5331	1	250,000	225,000
35	5399	1	80,000	72,000
35	5411	39	9,196,500	7,594,037
35	5421	2	460,000	386,750
35	5431	2	475,000	411,000
35	5451	8	667,995	586,612
35	5461	12	2,204,300	1,911,711
35	5499	4	642,000	536,600
35	5511	14	5,544,500	4,560,080
35	5521	3	482,500	423,000
35	5531	23	4,290,480	3,632,193
35	5541	14	3,826,750	3,156,025
35	5551	1	120,000	85,200

STATE	SIC CODE	NO. LOANS	TOTAL AMOUNT	SBA AMOUNT
35	5561	4	604,000	509,900
35	5571	6	410,700	351,380
35	5611	3	557,500	453,500
35	5621	6	518,000	469,950
35	5632	3	675,250	562,943
35	5641	4	825,279	636,501
35	5651	15	3,109,950	2,463,242
35	5661	10	770,200	635,680
35	5699	6	444,900	364,660
35	5712	31	8,319,070	6,629,889
35	5713	5	830,000	707,725
35	5719	7	1,054,668	891,589
35	5722	3	717,000	592,700
35	5731	6	2,293,000	1,613,800
35	5734	8	938,000	801,400
35	5735	1	200,000	170,000
35	5736	3	380,000	338,000
35	5812	108	21,412,031	18,408,362
35	5813	1	125,000	87,500
35	5912	10	1,685,000	1,380,850
35	5921	7	2,898,100	2,247,326
35	5932	12	1,670,400	1,433,960
35	5941	23	2,897,285	2,386,105
35	5942	6	1,054,400	893,225
35	5943	5	735,000	619,500
35	5944	15	2,823,000	2,303,450
35	5945	7	587,000	516,200
35	5946	1	30,000	27,000
35	5947	23	3,166,739	2,678,278
35	5948	1	410,000	340,300
35	5949	1	100,000	90,000
35	5961	2	580,000	422,000
35	5962	2	35,835	32,252
35	5963	4	542,500	456,000
35	5983	1	200,000	170,000
35	5992	10	723,500	824,100
35	5993	1	82,546	74,291
35	5995	2	210,000	179,500
35	5999	16	1,988,660	1,655,806
35	6036	1	80,000	72,000
35	6111	1	98,000	88,200
35	6162	1	90,000	72,000
35	6211	1	250,000	225,000
35	6221	1	174,000	104,400
35	6289	1	252,000	226,800
35	8324	2	439,100	395,190
35	6331	1	500,000	450,000
35	6361	4	1,084,000	734,501
35	6411	10	1,473,892	1,266,271
35	6512	2	690,000	581,000
35	6513	1	150,000	105,000
35	6519	2	490,500	364,850

STATE	SIC CODE	NO.LOANS	TOTAL AMOUNT	SBA AMOUNT
35	6531	23	7,257,408	5,967,887
35	6553	1	610,000	475,800
35	6699	1	275,000	220,000
35	7011	41	19,667,336	15,603,809
35	7021	2	335,000	269,250
35	7032	2	610,500	502,281
35	7033	2	261,000	212,720
35	7041	1	268,000	239,400
35	7212	1	75,000	63,750
35	7213	1	50,000	45,000
35	7215	14	1,547,659	1,348,544
35	7216	7	705,120	591,008
35	7217	3	265,000	229,250
35	7219	2	115,000	103,500
35	7221	1	350,000	280,000
35	7231	17	2,629,204	2,121,058
35	7261	7	2,443,140	2,046,469
35	7299	6	1,311,000	1,086,800
35	7311	1	190,000	171,000
35	7312	1	65,000	52,000
35	7322	1	250,500	202,905
35	7323	1	35,000	31,500
35	7331	2	70,144	63,129
35	7334	3	847,174	701,639
35	7336	6	894,800	741,225
35	7338	1	20,000	20,000
35	7342	1	70,000	63,000
35	7349	5	258,150	237,735
35	7352	1	50,000	45,000
35	7353	2	896,000	722,880
35	7359	23	6,994,000	5,609,890
35	7371	3	745,000	629,000
35	7372	2	165,000	158,500
35	7373	1	45,000	40,500
35	7374	4	149,000	137,000
35	7379	6	710,000	618,000
35	7382	1	240,000	216,000
35	7384	4	474,730	412,957
35	7389	17	2,331,180	1,827,941
35	7513	4	2,784,000	1,527,081
35	7514	1	300,000	255,000
35	7519	1	100,000	90,000
35	7521	2	524,800	472,320
35	7532	9	1,153,800	986,790
35	7533	2	425,000	361,250
35	7536	1	98,154	78,523
35	7537	2	80,000	72,000
35	7538	23	3,112,366	2,650,960
35	7539	13	2,629,744	2,126,311
35	7542	15	2,834,150	2,362,033
35	7549	5	1,121,900	948,900
35	7629	2	115,000	77,500

STATE	SIC CODE	NO.LOANS	TOTAL AMOUNT	SBA AMOUNT
35	7692	2	205,000	166,500
35	7699	6	781,000	658,750
35	7819	2	375,000	316,250
35	7822	3	507,000	396,300
35	7841	5	1,460,500	1,120,470
35	7911	2	120,000	118,000
35	7933	3	1,014,200	833,050
35	7991	2	929,100	773,190
35	7993	4	924,000	657,610
35	7997	4	1,740,000	1,219,670
35	7999	18	4,150,050	3,389,381
35	8011	125	23,481,778	19,941,479
35	8021	102	14,567,421	12,373,342
35	8031	2	231,778	195,142
35	8041	9	1,134,522	974,464
35	8042	12	2,231,900	1,842,465
35	8043	4	605,000	473,500
35	8049	12	1,755,400	1,515,657
35	8051	3	1,018,000	822,400
35	8052	3	864,000	681,120
35	8059	4	1,235,869	999,082
35	8071	1	80,000	72,000
35	8072	3	68,000	51,500
35	8099	1	100,000	100,000
35	8111	18	2,107,952	1,799,648
35	8222	2	300,000	232,500
35	8243	1	84,852	67,881
35	8249	1	93,500	78,540
35	8299	2	82,500	74,250
35	8331	1	269,000	269,000
35	8351	6	1,025,900	880,560
35	8361	3	614,111	542,061
35	8611	10	1,971,859	1,644,173
35	8621	8	1,066,000	918,750
35	8641	2	936,900	668,985
35	8711	16	2,599,750	2,223,668
35	8712	4	528,733	454,360
35	8713	1	600,000	450,000
35	8721	19	2,278,163	1,728,692
35	8731	2	265,500	230,425
35	8732	1	65,000	58,500
35	8741	1	287,657	230,126
35	8742	1	38,500	34,650
35	8743	3	295,000	235,500
35	8748	1	208,179	160,820
35	8999	2	120,000	104,250
35	9222	1	99,000	77,220
35	9641	2	620,000	541,000
TOTAL STATE:	35	1,914	392,484,413	320,856,433

STATE	SIC CODE	NO.LOANS	TOTAL AMOUNT	SBA AMOUNT
OKLAHOMA				
40	0042	1	175,000	140,000
40	0059	1	32,500	29,250
40	0181	7	1,800,500	1,368,350
40	0211	2	760,000	660,000
40	0213	1	200,000	170,000
40	0251	2	351,000	271,375
40	0252	1	500,000	420,000
40	0254	2	345,000	300,500
40	0273	1	636,000	496,080
40	0291	1	60,600	54,540
40	0721	2	125,000	112,500
40	0722	4	858,000	700,150
40	0724	1	100,000	100,000
40	0741	5	476,600	411,746
40	0742	20	3,384,716	2,920,534
40	0751	1	450,000	382,500
40	0752	1	325,000	243,750
40	0781	4	301,100	256,580
40	0782	6	478,336	392,364
40	1221	2	600,000	510,000
40	1311	1	200,000	170,000
40	1350	1	100,000	90,000
40	1381	4	1,360,000	1,053,000
40	1382	1	650,000	526,500
40	1389	10	2,169,400	1,691,560
40	1429	1	240,000	192,000
40	1442	2	575,000	495,500
40	1481	1	300,000	270,000
40	1521	1	170,000	153,000
40	1522	2	515,000	463,500
40	1531	1	370,000	277,500
40	1541	4	465,546	403,117
40	1542	8	1,414,000	1,200,850
40	1611	15	2,520,291	1,874,982
40	1622	10	1,738,710	1,470,428
40	1623	12	2,713,518	2,236,076
40	1629	2	229,500	192,550
40	1711	10	1,082,400	933,140
40	1721	6	593,400	476,858
40	1731	18	2,449,000	2,075,570
40	1741	2	730,000	560,460
40	1743	1	30,000	27,000
40	1752	1	125,000	112,500
40	1761	3	330,000	283,500
40	1771	3	233,000	180,470
40	1791	1	100,000	90,000
40	1793	1	195,000	146,250
40	1794	10	2,657,400	2,080,000
40	1799	8	1,795,500	1,514,765

STATE	SIC CODE	NO. LOANS	TOTAL AMOUNT	SBA AMOUNT
40	2011	7	1,641,000	1,327,400
40	2013	2	369,000	288,750
40	2016	1	999,000	999,000
40	2024	2	450,000	375,000
40	2032	1	400,000	300,000
40	2033	1	55,000	46,750
40	2035	1	80,000	72,000
40	2036	1	625,000	500,000
40	2048	3	494,000	423,200
40	2051	2	219,000	197,100
40	2064	1	150,000	135,000
40	2099	2	125,000	116,000
40	2211	1	500,000	410,000
40	2325	1	500,000	425,000
40	2329	1	160,000	136,000
40	2335	1	45,000	40,500
40	2391	1	100,000	90,000
40	2394	3	425,000	366,750
40	2396	1	35,000	31,500
40	2421	1	155,000	131,750
40	2431	7	933,300	786,940
40	2434	2	297,900	255,610
40	2435	2	575,000	517,500
40	2448	1	175,000	140,000
40	2449	1	20,000	18,000
40	2452	1	60,000	54,000
40	2499	3	100,000	93,900
40	2511	2	158,000	154,000
40	2512	1	500,000	350,000
40	2515	4	896,000	729,300
40	2519	1	31,408	28,267
40	2521	2	1,093,300	833,970
40	2522	1	171,700	145,945
40	2541	1	80,000	72,000
40	2542	2	220,000	183,600
40	2611	1	135,000	121,500
40	2621	1	300,000	240,000
40	2652	1	166,356	141,403
40	2653	1	70,000	63,000
40	2657	1	125,000	112,500
40	2677	2	275,000	236,500
40	2679	5	5,012,440	2,739,367
40	2732	1	355,000	319,500
40	2752	15	2,876,500	2,458,850
40	2754	1	500,000	420,000
40	2759	4	1,075,500	856,380
40	2819	1	729,000	729,000
40	2822	1	161,000	161,000
40	2833	1	100,000	90,000
40	2841	2	95,250	85,725
40	2851	3	1,075,000	918,750
40	2875	1	45,000	38,700

STATE	SIC CODE	NO. LOANS	TOTAL AMOUNT	SBA AMOUNT
40	3011	3	781,514	627,961
40	3061	2	502,500	427,125
40	3069	1	150,000	120,000
40	3083	1	95,000	80,750
40	3089	13	3,379,000	2,918,550
40	3143	1	250,000	175,000
40	3231	3	490,000	391,250
40	3273	1	150,000	135,000
40	3281	2	381,200	306,740
40	3284	1	190,000	161,500
40	3297	3	525,000	475,000
40	3312	2	325,000	282,500
40	3316	1	180,000	144,000
40	3321	1	625,000	609,000
40	3324	1	750,000	637,500
40	3363	2	145,000	138,000
40	3365	1	800,000	500,000
40	3366	1	130,000	117,000
40	3369	2	675,000	595,000
40	3372	1	550,000	495,000
40	3411	1	210,000	189,000
40	3412	1	400,000	320,000
40	3423	2	185,000	166,500
40	3429	3	1,200,000	990,000
40	3433	2	260,000	220,000
40	3441	5	1,283,000	883,500
40	3442	1	350,000	280,000
40	3443	8	3,584,200	2,523,060
40	3444	5	1,253,750	1,108,550
40	3448	2	239,000	215,100
40	3451	1	125,000	112,500
40	3463	1	525,000	446,250
40	3466	1	75,000	67,500
40	3469	4	1,223,300	989,433
40	3479	2	221,000	190,350
40	3482	1	100,000	90,000
40	3491	1	550,000	467,500
40	3492	2	455,101	359,907
40	3493	1	450,000	229,500
40	3494	1	350,000	280,000
40	3496	1	400,000	300,000
40	3498	1	320,000	265,600
40	3499	3	775,000	605,600
40	3519	2	205,000	184,500
40	3523	4	622,500	567,150
40	3531	2	269,785	227,317
40	3533	6	1,597,000	1,439,200
40	3535	3	181,000	162,900
40	3537	1	125,000	112,500
40	3541	4	1,043,000	902,750
40	3544	1	100,000	90,000
40	3545	1	510,000	413,100

STATE	SIC CODE	NO.LOANS	TOTAL AMOUNT	SBA AMOUNT
40	3556	1	193,000	193,000
40	3559	4	727,500	585,950
40	3563	1	33,981	30,583
40	3567	1	120,000	96,000
40	3575	2	1,082,000	919,700
40	3577	1	265,000	222,600
40	3579	2	337,500	280,313
40	3581	1	25,500	22,950
40	3589	1	219,550	186,617
40	3599	29	5,852,662	4,849,645
40	3612	2	1,089,000	914,238
40	3613	1	244,600	220,140
40	3621	2	205,000	184,500
40	3625	3	872,000	717,300
40	3629	1	250,000	202,500
40	3645	2	244,000	210,200
40	3647	1	525,000	446,250
40	3648	1	132,000	114,180
40	3651	6	1,880,000	1,320,150
40	3661	1	150,000	135,000
40	3672	1	409,035	347,679
40	3679	4	947,500	834,250
40	3691	1	160,000	136,000
40	3694	1	50,000	42,500
40	3699	1	150,000	120,000
40	3711	1	200,000	150,000
40	3713	3	309,000	295,000
40	3714	5	1,587,000	1,358,890
40	3715	3	912,000	838,200
40	3721	1	280,000	252,000
40	3724	1	1,016,500	742,045
40	3728	1	916,484	458,242
40	3732	2	471,000	461,000
40	3792	1	60,000	54,000
40	3799	3	1,199,000	941,629
40	3822	1	270,000	224,100
40	3823	14	2,652,971	2,215,089
40	3824	2	445,000	354,000
40	3825	1	80,000	80,000
40	3826	1	380,000	323,000
40	3829	1	750,000	607,500
40	3841	1	450,000	382,500
40	3842	2	560,000	474,000
40	3861	1	500,000	425,000
40	3873	1	255,000	214,200
40	3911	1	300,000	180,000
40	3942	1	400,000	336,000
40	3944	1	81,000	72,900
40	3961	1	310,000	263,500
40	3965	3	1,170,000	967,000
40	3992	1	250,000	225,000
40	3993	6	980,700	824,320

STATE	SIC CODE	NO.LOANS	TOTAL AMOUNT	SBA AMOUNT
40	3995	1	319,000	271,150
40	3996	1	150,000	127,500
40	3999	2	800,000	682,500
40	4142	1	50,000	50,000
40	4173	1	250,000	200,000
40	4212	8	516,350	452,863
40	4213	8	1,759,000	1,364,570
40	4214	3	731,000	638,525
40	4221	4	1,411,420	1,177,736
40	4222	1	302,000	302,000
40	4226	1	400,000	360,000
40	4231	1	65,000	58,500
40	4493	1	300,000	270,000
40	4512	1	150,000	135,000
40	4522	2	522,200	446,870
40	4581	2	727,500	506,375
40	4724	2	242,000	217,800
40	4731	1	100,000	80 000
40	4812	2	313,331	263,165
40	4813	2	1,045,000	807,500
40	4822	1	40,000	36,000
40	4852	1	67,000	53,600
40	4899	2	620,000	600,000
40	4923	1	125,000	93,750
40	4925	1	150,000	135,000
40	4961	1	120,000	108,000
40	5012	1	455,000	455,000
40	5013	16	2,719,300	2,411,970
40	5014	3	968,000	831,900
40	5021	1	250,000	212,500
40	5023	3	353,500	307,650
40	5031	3	841,000	643,280
40	5033	1	118,000	105,020
40	5039	5	2,015,105	1,669,364
40	5044	1	75,000	67,500
40	5045	6	1,887,450	1,615,555
40	5047	2	315,000	256,850
40	5049	5	743,000	622,400
40	5051	10	3,627,000	2,968,450
40	5063	11	2,482,450	1,984,422
40	5065	2	260,000	203,750
40	5072	5	810,000	612,015
40	5074	3	649,300	535,112
40	5075	5	1,168,000	998,500
40	5078	1	75,000	66,525
40	5082	1	499,934	349,954
40	5083	9	2,490,100	2,081,335
40	5084	17	3,392,500	2,870,750
40	5085	16	2,108,500	1,808,473
40	5087	5	1,365,800	1,109,706
40	5088	3	590,000	506,000
40	5091	3	1,135,000	858,750

STATE	SIC CODE	NO.LOANS	TOTAL AMOUNT	SBA AMOUNT
40	5092	1	250,000	212,500
40	5093	3	1,270,960	1,061,316
40	5094	2	155,000	134,600
40	5099	1	87,000	70,470
40	5112	6	895,300	754,361
40	5113	2	185,000	166,500
40	5122	2	480,000	397,000
40	5136	3	535,000	453,000
40	5137	6	1,555,000	1,157,000
40	5141	6	1,218,900	1,070,300
40	5143	1	122,953	110,658
40	5145	7	1,099,000	1,002,890
40	5147	6	1,940,900	1,669,310
40	5148	1	600,000	510,000
40	5153	1	1,000,000	750,000
40	5154	3	976,000	753,400
40	5159	3	265,000	213,000
40	5162	4	569,000	495,500
40	5169	2	350,000	295,000
40	5171	6	2,179,800	1,855,930
40	5172	5	2,178,000	1,619,160
40	5181	1	600,000	450,000
40	5191	10	3,230,000	2,380,000
40	5192	1	55,000	49,500
40	5193	1	430,000	344,000
40	5194	1	350,000	280,000
40	5198	1	135,000	121,500
40	5199	5	902,900	752,970
40	5211	15	3,680,950	2,811,030
40	5231	8	993,166	858,955
40	5251	24	2,877,800	2,496,200
40	5261	7	887,500	759,750
40	5271	3	365,000	317,000
40	5291	1	200,000	172,000
40	5311	2	90,000	77,250
40	5331	1	145,000	130,500
40	5399	2	525,000	447,500
40	5411	95	18,483,850	15,510,554
40	5421	3	427,000	374,300
40	5461	5	667,142	560,349
40	5499	1	30,275	27,248
40	5511	14	4,390,100	3,966,990
40	5521	5	1,053,000	981,950
40	5523	1	30,000	27,000
40	5531	23	4,053,500	3,504,850
40	5541	18	3,919,100	3,351,940
40	5551	2	401,475	329,683
40	5561	3	535,000	461,500
40	5571	3	490,000	435,150
40	5599	1	35,000	31,500
40	5611	2	220,000	198,000
40	5621	5	479,000	422,100

STATE	SIC CODE	NO.LOANS	TOTAL AMOUNT	SBA AMOUNT
40	5641	1	50,000	45,000
40	5651	6	671,019	573,615
40	5661	2	234,000	210,600
40	5699	5	883,000	691,550
40	5712	10	2,266,410	1,818,755
40	5713	7	564,000	505,600
40	5714	2	205,000	172,900
40	5719	1	75,000	67,500
40	5722	8	955,500	851,450
40	5731	8	1,444,000	1,254,800
40	5734	3	435,000	339,000
40	5736	2	340,000	278,100
40	5812	136	25,132,245	21,051,678
40	5912	21	2,577,615	2,139,934
40	5921	5	540,000	476,000
40	5932	8	988,000	886,540
40	5941	12	939,000	742,950
40	5942	3	555,000	475,500
40	5943	6	505,000	442,000
40	5944	12	1,894,000	1,572,170
40	5945	3	97,000	85,450
40	5946	1	100,000	90,000
40	5947	1	105,000	84,000
40	5949	1	75,000	64,500
40	5961	3	296,000	259,800
40	5962	1	500,000	450,000
40	5963	1	117,500	99,875
40	5984	3	735,000	570,750
40	5992	15	1,417,800	1,242,623
40	5995	1	50,000	44,000
40	5999	23	2,393,700	2,006,117
40	6082	1	46,000	41,400
40	6099	2	210,000	186,000
40	6311	1	78,000	62,400
40	6331	1	82,000	73,800
40	6411	19	2,376,500	2,029,600
40	6512	1	50,000	45,000
40	6531	5	834,071	723,190
40	6541	1	175,000	148,750
40	7011	55	26,856,244	21,435,245
40	7033	3	1,169,200	909,890
40	7211	5	500,500	429,855
40	7212	2	105,000	92,500
40	7215	5	787,000	696,050
40	7216	9	1,079,350	917,580
40	7218	1	145,000	130,500
40	7219	1	70,650	63,585
40	7221	2	59,000	56,600
40	7231	15	1,216,170	1,057,377
40	7251	3	195,450	167,750
40	7261	9	3,380,000	2,795,950
40	7299	4	587,000	438,300

STATE	SIC CODE	NO. LOANS	TOTAL AMOUNT	SBA AMOUNT
40	7312	1	165,000	140,250
40	7319	1	55,000	49,500
40	7323	1	80,000	72,000
40	7334	2	370,300	272,710
40	7335	1	50,000	35,000
40	7336	5	778,136	644,268
40	7338	2	285,000	279,300
40	7342	1	70,500	56,400
40	7349	5	782,400	665,390
40	7352	1	350,000	227,500
40	7353	2	279,000	229,700
40	7359	11	3,599,000	3,019,486
40	7361	3	840,000	727,250
40	7363	10	3,010,870	2,547,239
40	7371	2	90,000	77,500
40	7372	3	587,200	490,980
40	7373	2	303,000	261,300
40	7374	4	863,000	737,550
40	7378	1	50,000	45,000
40	7379	2	200,000	180,000
40	7381	1	101,712	91,541
40	7384	2	225,000	202,500
40	7389	22	4,274,416	3,658,633
40	7521	1	625,000	531,250
40	7532	21	4,307,400	3,698,460
40	7534	1	285,000	199,500
40	7537	3	560,000	478,750
40	7538	30	4,493,700	3,822,170
40	7539	10	1,671,500	1,445,400
40	7542	20	4,571,360	4,005,548
40	7549	5	529,500	461,225
40	7622	5	566,000	475,680
40	7623	4	465,000	403,780
40	7629	4	558,000	495,700
40	7692	1	57,400	47,642
40	7694	1	325,000	276,250
40	7699	8	988,500	866,650
40	7822	2	102,000	71,400
40	7841	3	325,284	260,324
40	7911	1	155,000	139,500
40	7933	6	1,226,000	1,027,650
40	7941	2	351,000	338,500
40	7948	1	750,000	600,000
40	7991	3	425,000	369,000
40	7992	4	2,410,000	1,750,100
40	7993	2	110,000	90,000
40	7996	1	1,000,000	750,000
40	7997	8	1,587,000	1,387,625
40	7999	10	2,088,000	1,815,900
40	8011	61	12,532,180	10,676,235
40	8021	89	14,452,205	12,052,854
40	8031	4	605,000	509,000

STATE	SIC CODE	NO. LOANS	TOTAL AMOUNT	SBA AMOUNT
40	8041	14	1,742,500	1,445,100
40	8042	9	1,490,000	1,172,120
40	8043	3	566,000	466,150
40	8049	7	554,570	487,113
40	8051	3	994,000	897,800
40	8052	1	350,000	297,500
40	8063	1	352,000	232,320
40	8071	2	355,000	290,000
40	8072	4	509,000	476,000
40	8082	1	125,000	100,000
40	8093	1	300,000	255,000
40	8099	2	220,000	207,000
40	8111	16	2,586,200	2,160,855
40	8249	2	840,400	571,840
40	8322	2	732,000	605,080
40	8331	3	390,000	357,750
40	8351	22	3,853,438	3,371,898
40	8399	1	450,000	337,500
40	8476	1	280,000	238,000
40	8711	11	3,207,797	2,371,813
40	8712	1	137,700	117,045
40	8721	18	3,794,969	3,129,854
40	8734	8	1,510,000	1,309,750
40	8741	1	160,000	136,000
40	8743	3	183,000	168,500
40	8744	1	150,000	127,500
TOTAL STATE:	40	2,067	426,940,376	353,533,661
TEXAS				
48	0000	10	1,617,000	1,383,430
48	0010	1	120,000	97,200
48	0111	2	200,000	180,000
48	0115	1	235,800	212,220
48	0119	5	1,095,000	953,860
48	0131	34	8,088,463	6,932,618
48	0139	3	845,000	698,000
48	0161	1	54,000	43,200
48	0172	4	1,017,500	860,170
48	0181	13	2,956,049	2,431,808
48	0182	1	320,000	272,000
48	0191	45	9,125,808	8,213,229
48	0211	2	728,800	595,920
48	0212	6	776,500	669,150
48	0214	2	625,000	437,500
48	0219	1	430,000	352,600
48	0241	6	1,807,300	1,416,782
48	0251	1	305,000	244,000
48	0252	1	625,000	500,000
48	0254	3	245,550	245,550
48	0259	2	479,600	419,600
48	0272	1	500,000	415,000
48	0279	4	450,000	339,000

STATE	SIC CODE	NO. LOANS	TOTAL AMOUNT	58A AMOUNT
48	0291	2	312,000	269,552
48	0359	1	189,300	160,905
48	0386	1	448,000	358,400
48	0400	1	421,000	421,000
48	0600	1	500,000	405,000
48	0638	1	265,000	198,750
48	0711	1	46,167	41,550
48	0721	23	4,113,478	3,362,060
48	0722	6	464,569	405,292
48	0723	10	2,834,020	2,335,717
48	0724	4	1,062,000	849,050
48	0728	1	75,000	56,250
48	0741	39	6,009,479	5,048,623
48	0742	86	15,016,646	12,620,840
48	0751	2	228,300	187,240
48	0752	11	2,067,950	1,768,307
48	0781	41	7,703,634	6,165,324
48	0782	35	2,884,042	2,518,271
48	0783	7	819,209	660,395
48	0802	1	110,000	99,000
48	0831	4	446,000	364,100
48	0841	1	45,731	26,981
48	0913	9	1,413,000	1,149,200
48	0921	1	275,000	233,750
48	1113	1	625,000	500,000
48	1221	1	500,000	450,000
48	1231	4	252,300	227,070
48	1311	13	5,035,900	4,152,765
48	1381	6	2,156,500	1,817,200
48	1382	5	1,626,000	1,213,100
48	1389	98	23,073,071	19,089,384
48	1411	1	420,000	336,000
48	1422	3	1,510,000	1,233,000
48	1442	2	1,249,000	1,022,120
48	1446	1	75,000	63,000
48	1474	1	245,000	196,000
48	1499	1	90,000	74,700
48	1510	4	620,000	501,750
48	1512	1	60,000	54,000
48	1521	39	5,136,256	4,389,893
48	1522	7	1,141,000	980,700
48	1531	1	1,600,000	500,000
48	1541	47	9,671,856	7,925,421
48	1542	54	13,402,192	11,142,961
48	1611	45	13,227,700	10,580,240
48	1622	3	682,000	558,800
48	1623	48	12,160,698	10,005,161
48	1629	27	5,665,500	4,623,193
48	1673	1	31,000	27,280
48	1711	138	18,623,684	15,719,507
48	1721	18	1,532,600	1,317,590
48	1731	103	18,478,515	15,466,017

STATE	SIC CODE	NO. LOANS	TOTAL AMOUNT	SBA AMOUNT
48	1741	12	2,216,000	1,852,420
48	1742	46	9,016,370	7,502,163
48	1743	10	1,394,500	1,187,100
48	1750	1	403,000	342,550
48	1751	16	2,315,500	1,987,450
48	1752	12	1,400,000	1,182,750
48	1761	27	6,566,282	5,422,063
48	1767	1	68,000	57,800
48	1771	40	8,149,000	6,583,735
48	1781	6	1,315,000	1,089,150
48	1791	21	4,606,626	3,784,368
48	1793	22	3,069,500	2,608,116
48	1794	43	9,101,548	7,530,851
48	1796	13	1,656,536	1,394,800
48	1799	86	18,092,000	14,863,961
48	2011	14	4,082,590	3,368,940
48	2013	18	2,871,004	2,483,163
48	2015	3	665,000	551,750
48	2021	2	1,004,696	474,392
48	2023	1	750,000	525,000
48	2024	4	239,000	206,400
48	2026	1	510,000	219,300
48	2032	5	1,950,000	1,646,000
48	2033	7	2,735,697	2,384,553
48	2035	1	60,000	54,000
48	2037	1	895,000	749,115
48	2038	3	2,750,000	1,925,000
48	2041	2	388,000	325,000
48	2047	1	126,900	112,941
48	2048	8	2,537,500	1,860,110
48	2051	16	3,115,250	2,527,215
48	2052	2	1,000,000	875,000
48	2064	6	713,510	634,469
48	2066	1	39,500	35,550
48	2082	1	155,000	139,500
48	2084	1	142,000	142,000
48	2086	4	985,000	830,500
48	2092	8	3,128,000	2,614,110
48	2095	2	700,000	560,000
48	2096	3	1,450,000	1,167,500
48	2097	8	3,530,000	2,851,100
48	2098	1	50,000	42,500
48	2099	24	4,667,262	3,862,513
48	2141	1	65,000	58,500
48	2211	2	861,000	688,800
48	2221	1	238,000	204,680
48	2252	1	237,000	191,970
48	2253	2	495,000	410,850
48	2261	3	1,717,000	1,684,450
48	2262	3	159,425	143,483
48	2273	4	840,500	715,400
48	2282	1	400,000	224,000

LOANS APPROVALS 83 - 93 REGION 06
AS OF 09/30/93

STATE	SIC CODE	NO. LOANS	TOTAL AMOUNT	SBA AMOUNT
48	2298	3	866,200	709,320
48	2299	2	408,000	373,966
48	2314	1	50,000	45,000
48	2321	2	924,070	764,256
48	2325	3	645,000	563,500
48	2326	1	560,000	448,000
48	2329	6	1,375,000	1,180,100
48	2331	2	125,000	109,250
48	2335	9	2,237,000	1,855,275
48	2337	7	1,131,300	963,770
48	2339	5	1,440,000	1,202,000
48	2353	2	269,000	242,100
48	2361	2	295,000	252,750
48	2369	3	819,500	672,270
48	2371	1	75,000	65,250
48	2385	1	100,000	83,000
48	2386	5	1,627,566	1,338,809
48	2387	2	840,000	642,750
48	2389	8	1,993,800	1,694,980
48	2391	7	955,500	797,450
48	2392	6	1,065,000	917,750
48	2393	2	460,000	393,500
48	2394	7	1,916,053	1,239,665
48	2395	5	794,900	680,937
48	2399	6	722,500	607,800
48	2421	9	2,690,818	2,120,859
48	2426	2	427,646	351,723
48	2431	23	6,239,918	4,990,746
48	2434	14	2,056,200	1,708,520
48	2439	8	2,109,000	1,671,950
48	2441	1	150,000	135,000
48	2448	11	3,178,172	2,761,342
48	2451	2	1,086,000	629,200
48	2452	3	882,000	757,800
48	2499	19	4,242,374	3,661,443
48	2511	15	2,888,451	2,420,205
48	2512	8	1,704,000	1,406,250
48	2514	1	750,000	600,000
48	2515	5	1,230,500	1,061,950
48	2519	2	420,000	348,000
48	2521	1	468,000	383,760
48	2522	4	1,420,000	1,152,950
48	2531	1	750,000	634,500
48	2541	12	3,846,000	3,160,810
48	2542	4	696,400	582,238
48	2591	7	1,649,000	1,371,350
48	2599	14	2,956,170	2,458,624
48	2621	2	841,000	786,000
48	2652	3	1,107,733	914,551
48	2653	12	3,521,500	3,019,591
48	2655	1	319,000	319,000
48	2657	1	130,000	117,000

STATE	SIC CODE	NO.LOANS	TOTAL AMOUNT	SBA AMOUNT
48	2671	2	554,000	478,600
48	2672	2	1,464,000	1,199,082
48	2674	1	313,000	313,000
48	2675	2	800,000	793,000
48	2678	1	850,000	688,500
48	2679	1	325,000	325,000
48	2711	2	418,000	408,000
48	2731	2	175,000	141,150
48	2732	2	269,574	227,337
48	2741	12	1,530,560	1,298,731
48	2752	71	15,270,713	12,627,047
48	2754	7	986,000	827,960
48	2759	76	12,526,129	10,374,913
48	2761	6	1,249,100	1,015,940
48	2771	1	50,000	45,000
48	2789	4	503,621	410,493
48	2791	7	391,050	296,642
48	2796	3	621,450	549,105
48	2813	1	500,000	425,000
48	2819	7	1,419,000	1,180,350
48	2821	8	2,043,414	1,711,711
48	2833	2	450,000	389,000
48	2834	9	1,342,000	1,190,950
48	2835	1	650,000	487,500
48	2836	1	400,000	300,000
48	2841	4	740,000	601,500
48	2842	8	1,269,500	1,036,850
48	2844	6	1,588,000	1,346,730
48	2851	7	1,909,800	1,581,328
48	2869	4	2,050,000	1,672,500
48	2873	1	400,000	324,000
48	2874	1	950,000	749,930
48	2875	5	1,465,000	1,221,000
48	2879	5	1,457,500	1,201,875
48	2891	8	4,099,700	3,236,576
48	2892	4	1,417,000	1,150,750
48	2893	2	231,000	199,900
48	2899	6	1,162,500	964,260
48	2911	4	2,470,000	1,966,000
48	2951	3	1,138,100	986,495
48	2952	2	533,000	513,000
48	2992	2	1,125,600	886,602
48	3021	2	250,000	204,000
48	3053	7	2,359,000	1,851,420
48	3061	4	1,675,000	1,260,390
48	3065	1	119,000	104,720
48	3069	5	1,373,000	1,273,220
48	3081	1	360,000	306,000
48	3083	3	645,000	544,500
48	3084	1	198,000	168,300
48	3086	1	390,000	312,000
48	3088	2	933,032	769,917

STATE	SIC CODE	NO. LOANS	TOTAL AMOUNT	SBA AMOUNT
48	3089	50	14,901,388	11,767,400
48	3098	1	950,000	499,800
48	3111	3	1,004,400	854,152
48	3131	2	307,000	215,108
48	3143	15	2,272,400	1,965,060
48	3161	4	1,704,000	1,464,000
48	3171	2	148,000	135,350
48	3172	1	120,000	102,000
48	3199	6	1,447,000	1,118,434
48	3211	3	278,000	246,000
48	3213	1	500,000	450,000
48	3231	9	1,888,200	1,467,790
48	3253	2	485,000	372,750
48	3255	1	486,400	403,712
48	3261	2	359,340	323,406
48	3263	1	55,000	49,500
48	3269	4	480,000	417,500
48	3271	1	600,000	480,000
48	3272	23	4,723,651	3,999,495
48	3273	9	2,093,000	1,670,450
48	3281	15	3,809,000	3,156,860
48	3291	2	284,000	220,500
48	3292	3	1,215,000	994,000
48	3295	1	525,000	446,250
48	3299	6	1,799,100	1,398,615
48	3312	7	2,241,784	1,640,969
48	3315	1	271,000	271,000
48	3317	1	1,100,000	748,000
48	3321	5	1,316,000	1,218,200
48	3339	1	125,000	106,250
48	3341	1	200,000	180,000
48	3354	1	290,000	261,000
48	3357	3	450,000	383,000
48	3363	2	420,000	357,000
48	3365	4	895,000	776,750
48	3369	1	500,000	300,000
48	3382	1	150,000	150,000
48	3398	5	1,628,000	1,203,500
48	3399	2	1,048,000	802,980
48	3412	2	257,900	232,110
48	3421	2	47,000	43,000
48	3429	9	1,988,600	1,759,214
48	3431	3	1,165,000	932,000
48	3432	2	1,130,000	914,000
48	3433	4	656,600	579,360
48	3441	22	8,394,587	6,912,228
48	3442	9	3,052,000	2,541,050
48	3443	28	12,099,500	9,802,925
48	3444	28	6,956,220	5,642,062
48	3446	16	4,949,289	4,118,009
48	3448	9	2,384,000	1,997,725
48	3449	4	1,105,700	939,560

STATE	SIC CODE	NO.LOANS	TOTAL AMOUNT	SBA AMOUNT
48	3451	6	1,243,500	1,051,575
48	3452	1	60,000	54,000
48	3463	1	300,000	246,000
48	3465	2	225,000	202,500
48	3466	1	476,000	476,000
48	3469	12	2,002,400	1,653,090
48	3471	24	6,894,923	5,739,238
48	3479	6	1,371,000	1,160,875
48	3482	1	125,000	125,000
48	3484	3	475,000	408,750
48	3489	1	366,000	311,100
48	3491	7	2,505,000	2,033,500
48	3492	3	580,000	490,500
48	3493	3	537,200	523,080
48	3494	17	5,429,200	4,321,862
48	3495	1	120,000	108,000
48	3496	7	3,383,000	2,488,825
48	3497	2	115,000	103,500
48	3498	9	3,933,000	3,138,995
48	3499	38	11,669,502	9,328,992
48	3511	4	1,304,168	1,215,001
48	3519	3	850,000	744,925
48	3523	32	4,047,007	3,362,192
48	3531	5	1,825,000	1,503,600
48	3532	1	140,000	140,000
48	3533	30	12,923,500	9,560,780
48	3534	1	180,000	160,200
48	3535	4	1,227,000	1,016,350
48	3536	2	354,000	295,700
48	3537	4	945,000	754,500
48	3541	6	1,224,000	1,006,100
48	3542	1	135,000	118,800
48	3543	3	100,446	88,906
48	3544	13	4,304,900	3,553,360
48	3545	10	1,966,800	1,722,190
48	3546	1	337,000	286,450
48	3548	3	539,772	468,806
48	3549	4	956,800	780,052
48	3552	3	1,483,000	1,186,330
48	3553	2	800,000	669,000
48	3555	1	190,000	155,002
48	3556	8	2,268,900	1,794,720
48	3559	9	3,503,500	3,014,050
48	3561	12	4,303,500	3,607,325
48	3562	2	1,200,000	984,000
48	3563	1	300,000	240,000
48	3564	2	700,000	582,000
48	3567	2	1,183,000	970,600
48	3568	2	247,841	193,510
48	3569	11	3,717,000	2,893,550
48	3571	8	2,821,500	2,291,100
48	3577	6	1,508,000	1,267,600

STATE	SIC CODE	NO LOANS	TOTAL AMOUNT	SBA AMOUNT
48	3578	1	58,600	52,740
48	3579	2	921,000	736,800
48	3582	2	177,000	159,300
48	3585	17	4,568,000	3,778,500
48	3586	1	750,000	600,000
48	3589	19	4,003,332	3,374,739
48	3593	1	112,400	101,160
48	3594	1	295,000	236,000
48	3596	1	190,000	159,600
48	3599	128	28,906,343	23,693,255
48	3612	4	1,796,250	1,536,813
48	3613	2	597,000	507,300
48	3621	3	910,000	793,200
48	3624	1	150,000	135,000
48	3625	6	2,030,000	1,447,096
48	3629	1	249,309	201,940
48	3633	2	166,250	149,625
48	3639	1	200,000	170,000
48	3643	3	378,700	316,479
48	3645	5	1,357,000	1,169,750
48	3646	3	880,000	747,000
48	3648	6	2,252,500	1,375,750
48	3651	2	120,000	108,000
48	3661	11	3,333,000	2,749,510
48	3669	4	666,000	527,100
48	3671	4	340,000	306,000
48	3672	13	4,955,000	4,100,173
48	3674	15	5,513,199	4,503,979
48	3677	3	1,045,000	837,000
48	3678	2	732,000	606,360
48	3679	19	5,578,800	4,620,082
48	3692	2	239,200	203,320
48	3694	7	2,065,000	1,710,250
48	3699	2	35,300	32,800
48	3711	5	1,255,000	1,123,000
48	3713	3	1,450,000	1,168,915
48	3714	39	10,536,299	8,917,302
48	3715	8	1,623,868	1,444,231
48	3716	1	558,000	474,300
48	3721	1	260,000	221,000
48	3724	4	1,461,000	1,207,200
48	3728	25	4,012,312	3,372,799
48	3731	3	1,800,000	1,582,500
48	3732	7	1,586,500	1,372,315
48	3743	3	1,315,000	1,033,500
48	3751	1	150,000	150,000
48	3769	1	600,000	498,000
48	3792	4	795,000	648,500
48	3799	3	196,000	176,400
48	3812	3	1,350,000	1,114,500
48	3822	2	400,000	342,500
48	3823	17	5,124,529	4,280,650

STATE	SIC CODE	NO. LOANS	TOTAL AMOUNT	SBA AMOUNT
48	3825	5	1,340,000	1,070,300
48	3827	2	700,000	586,875
48	3829	13	3,933,080	3,027,894
48	3832	4	723,500	632,095
48	3841	4	1,230,000	1,037,000
48	3842	15	2,335,750	1,955,910
48	3843	2	115,000	88,500
48	3845	1	210,000	174,300
48	3851	4	514,800	461,730
48	3861	3	1,034,000	961,600
48	3873	1	100,000	90,000
48	3911	14	2,554,000	2,079,900
48	3914	2	156,000	139,400
48	3915	2	400,000	338,000
48	3931	5	780,500	662,235
48	3942	1	315,000	267,750
48	3944	4	222,500	194,750
48	3949	23	5,585,740	4,569,367
48	3952	1	300,000	240,000
48	3953	2	322,000	259,600
48	3955	4	801,000	644,200
48	3961	3	281,000	242,782
48	3991	2	83,083	73,875
48	3993	33	6,657,500	5,581,285
48	3995	2	325,000	269,500
48	3999	24	5,705,500	4,677,085
48	4111	2	385,000	350,000
48	4119	8	1,393,700	1,175,840
48	4121	1	700,000	497,000
48	4142	1	50,000	45,000
48	4212	61	10,037,637	8,318,146
48	4213	62	14,700,300	11,977,616
48	4214	28	7,152,900	8,067,628
48	4215	4	415,000	355,365
48	4221	6	1,490,000	1,228,500
48	4222	1	100,000	90,000
48	4225	12	2,986,436	2,386,080
48	4226	8	2,007,000	1,725,380
48	4231	3	760,000	600,000
48	4344	1	775,000	496,000
48	4449	1	760,000	499,996
48	4489	4	712,000	614,200
48	4491	2	597,500	520,875
48	4492	3	1,110,000	857,920
48	4493	10	6,119,000	3,799,422
48	4499	4	1,245,000	1,032,420
48	4512	3	146,600	131,940
48	4522	3	185,785	155,007
48	4581	14	3,019,450	2,494,048
48	4724	33	3,014,500	2,539,031
48	4729	1	120,000	108,000
48	4731	27	6,255,843	5,373,358

STATE	SIC CODE	NO. LOANS	TOTAL AMOUNT	SBA AMOUNT
48	4783	3	1,345,000	1,136,130
48	4789	2	780,000	714,300
48	4812	9	1,740,073	1,449,420
48	4813	21	3,291,023	2,836,107
48	4815	1	165,000	115,500
48	4832	13	2,593,568	2,163,391
48	4833	1	500,000	500,000
48	4899	12	2,491,200	2,079,160
48	4924	2	152,250	137,025
48	4932	1	30,000	27,000
48	4941	7	1,396,100	1,178,010
48	4944	1	345,000	276,000
48	4952	1	750,000	637,500
48	4953	14	4,117,000	3,447,400
48	4959	3	409,000	332,200
48	5012	72	16,577,514	13,535,932
48	5013	134	24,792,605	20,653,946
48	5014	15	2,994,637	2,464,041
48	5015	10	1,987,000	1,615,400
48	5021	27	6,224,006	4,642,141
48	5023	28	6,466,377	5,396,111
48	5027	1	380,000	304,000
48	5031	33	8,601,250	7,183,179
48	5032	8	1,254,000	1,081,100
48	5033	2	760,000	630,810
48	5038	1	60,000	54,000
48	5039	31	6,869,600	5,578,354
48	5044	11	2,520,218	2,152,697
48	5045	71	14,349,357	11,884,769
48	5046	9	1,733,800	1,474,420
48	5047	22	6,519,242	5,245,706
48	5048	1	65,000	56,875
48	5049	32	5,073,010	4,405,315
48	5051	42	11,871,000	9,646,710
48	5052	1	25,000	22,500
48	5063	63	11,499,892	9,454,199
48	5064	18	3,447,000	2,954,150
48	5065	35	8,693,900	7,261,905
48	5072	36	8,397,934	6,774,083
48	5074	48	10,112,661	8,444,085
48	5075	33	9,520,300	7,810,940
48	5078	8	1,955,000	1,578,086
48	5082	15	4,211,200	3,385,210
48	5083	60	15,421,592	12,869,677
48	5084	155	34,550,094	28,502,216
48	5085	61	12,145,429	10,245,588
48	5087	50	8,390,500	6,582,908
48	5088	20	5,885,990	4,843,339
48	5091	22	3,837,080	3,167,436
48	5092	8	1,592,700	1,234,930
48	5093	14	3,977,000	3,245,000
48	5094	19	2,746,900	2,330,090

STATE	SIC CODE	NO. LOANS	TOTAL AMOUNT	SBA AMOUNT
48	5099	22	4,684,000	3,897,537
48	5111	8	1,870,500	1,588,430
48	5112	37	8,170,798	6,736,770
48	5113	15	3,104,000	2,556,920
48	5122	24	4,411,200	3,816,100
48	5131	18	3,444,300	2,884,214
48	5136	9	1,454,042	1,223,734
48	5137	15	1,996,400	1,696,540
48	5139	4	496,000	407,120
48	5141	41	9,667,407	8,125,646
48	5142	6	828,000	672,140
48	5143	4	346,250	293,125
48	5144	4	699,795	595,380
48	5145	9	1,187,000	913,110
48	5146	22	7,465,400	5,907,985
48	5147	16	5,462,000	4,562,850
48	5148	17	5,540,600	4,504,840
48	5149	19	3,748,700	3,094,070
48	5153	14	7,579,000	5,960,950
48	5154	8	2,366,784	1,997,789
48	5159	7	1,842,000	1,567,675
48	5162	4	847,000	714,100
48	5165	1	347,100	277,680
48	5169	25	5,328,500	4,448,310
48	5171	21	8,674,800	7,018,540
48	5172	48	17,497,300	14,348,124
48	5181	7	1,304,000	1,165,730
48	5182	4	555,000	461,920
48	5191	52	12,265,400	10,113,770
48	5192	1	375,000	300,000
48	5193	17	2,987,773	2,276,203
48	5194	2	1,200,000	891,000
48	5198	8	1,621,000	1,389,440
48	5199	59	11,949,284	9,902,302
48	5211	82	19,782,861	16,160,108
48	5231	23	3,384,500	2,654,455
48	5248	1	100,000	90,000
48	5251	107	18,650,381	15,474,331
48	5261	56	11,162,074	9,161,082
48	5271	8	1,428,000	1,217,870
48	5311	7	2,358,000	1,970,850
48	5331	17	3,062,121	2,522,979
48	5399	21	3,196,700	2,776,635
48	5411	451	90,742,171	76,071,376
48	5421	35	4,118,263	3,540,432
48	5431	6	620,000	552,950
48	5441	14	1,371,300	1,193,435
48	5451	16	1,307,198	1,144,578
48	5461	56	5,085,110	4,352,763
48	5499	46	8,948,570	7,592,483
48	5511	76	26,189,384	21,753,325
48	5521	31	5,707,900	4,722,630

STATE	SIC CODE	NO.LOANS	TOTAL AMOUNT	SBA AMOUNT
48	5531	196	32,781,687	27,819,365
48	5541	194	44,189,782	37,138,166
48	5551	23	6,478,809	5,247,181
48	5561	16	3,336,500	2,965,100
48	5571	13	2,754,600	2,401,540
48	5599	3	712,500	592,575
48	5611	44	6,683,780	5,667,034
48	5621	138	16,245,026	13,913,513
48	5632	21	2,769,925	2,379,333
48	5641	24	2,138,300	1,923,095
48	5651	49	6,435,983	5,205,350
48	5661	60	9,311,800	7,832,433
48	5699	40	3,711,697	3,213,207
48	5712	144	29,755,516	24,432,224
48	5713	60	8,934,800	7,718,760
48	5714	8	469,000	393,150
48	5719	46	4,743,050	4,158,597
48	5722	33	5,973,250	4,933,740
48	5731	61	8,259,046	7,068,221
48	5734	37	6,779,000	5,621,310
48	5735	7	837,500	701,950
48	5736	28	3,318,000	2,738,600
48	5783	1	31,000	26,350
48	5812	1,004	186,458,691	157,735,768
48	5813	30	5,133,400	4,158,130
48	5872	2	290,000	246,500
48	5881	1	250,000	200,000
48	5884	1	350,000	297,500
48	5912	95	13,869,630	11,679,735
48	5921	82	11,001,119	8,881,335
48	5932	45	7,903,433	6,443,167
48	5941	119	16,404,468	13,641,918
48	5942	13	2,022,200	1,766,830
48	5943	70	9,534,338	7,971,189
48	5944	94	14,262,733	11,892,450
48	5945	32	2,692,560	2,371,224
48	5946	9	1,548,600	1,113,990
48	5947	122	12,988,751	10,865,579
48	5948	2	155,000	137,000
48	5949	19	1,529,000	1,320,080
48	5955	1	100,000	80,000
48	5961	7	634,000	575,100
48	5962	54	11,496,000	9,553,116
48	5963	16	2,233,081	1,833,816
48	5983	4	711,000	686,000
48	5984	14	3,585,600	2,831,624
48	5989	2	195,000	175,500
48	5992	62	3,534,175	3,109,210
48	5993	1	600,000	450,000
48	5994	2	117,500	105,750
48	5995	21	3,515,100	2,937,510
48	5999	194	27,754,452	23,130,617

STATE	SIC CODE	NO.LOANS	TOTAL AMOUNT	SBA AMOUNT
48	6064	1	25,000	22,500
48	6099	2	105,000	88,600
48	6159	1	15,000	15,000
48	6162	1	247,500	210,375
48	6163	3	202,969	182,672
48	6211	4	695,300	466,620
48	6221	1	175,000	157,500
48	6289	2	93,500	84,150
48	6311	2	33,000	29,200
48	6321	2	280,000	229,500
48	6331	1	110,000	110,000
48	6351	1	50,000	45,000
48	6361	1	210,000	189,000
48	6371	3	893,682	755,270
48	6411	96	13,179,875	11,123,386
48	6512	10	2,322,440	1,916,189
48	6513	2	381,000	334,300
48	6519	1	500,000	315,000
48	6531	55	9,174,253	7,679,990
48	6541	6	625,000	708,000
48	6552	3	344,600	302,456
48	6553	2	1,850,000	1,260,000
48	6572	1	369,808	316,555
48	6599	1	121,300	109,170
48	6699	1	95,000	95,000
48	6719	3	1,183,000	1,035,500
48	6792	1	100,000	81,000
48	6794	4	375,000	329,250
48	6799	1	950,000	498,750
48	7011	223	131,967,505	105,383,780
48	7032	5	2,004,000	1,491,900
48	7033	16	4,848,549	4,017,972
48	7052	1	350,000	315,000
48	7082	1	150,000	135,000
48	7138	1	60,000	54,000
48	7211	59	9,416,087	8,138,448
48	7212	13	1,738,131	1,460,168
48	7213	1	300,000	255,000
48	7215	50	5,712,050	5,000,060
48	7216	105	13,308,283	11,403,968
48	7217	16	1,059,625	916,913
48	7218	2	750,000	580,000
48	7219	13	861,839	733,506
48	7221	23	1,964,394	1,746,204
48	7231	94	7,024,964	6,025,008
48	7241	10	615,100	566,370
48	7251	8	716,300	629,670
48	7261	55	19,090,363	15,860,536
48	7291	3	406,600	340,940
48	7299	65	7,444,511	6,485,864
48	7311	30	3,746,480	3,201,909
48	7312	10	1,891,580	1,536,143

STATE	SIC CODE	NO.LOANS	TOTAL AMOUNT	SBA AMOUNT
48	7319	5	837,700	693,530
48	7322	4	600,000	496,500
48	7323	4	457,000	391,400
48	7331	12	1,268,000	1,082,480
48	7334	20	4,084,380	3,353,313
48	7335	31	3,308,600	2,642,380
48	7336	8	792,400	687,585
48	7338	17	1,396,000	1,238,300
48	7342	16	1,016,000	879,250
48	7349	60	6,763,212	5,762,312
48	7352	19	3,727,900	3,075,740
48	7353	5	1,246,000	1,057,700
48	7358	1	200,000	160,000
48	7359	134	29,111,493	23,785,096
48	7361	16	1,804,500	1,554,250
48	7363	6	1,195,000	954,750
48	7371	16	1,975,282	1,720,604
48	7372	49	7,799,250	6,579,835
48	7373	13	1,830,155	1,537,570
48	7374	26	5,482,124	4,482,636
48	7375	1	138,000	122,820
48	7377	5	955,554	759,199
48	7378	5	1,615,000	1,325,650
48	7379	32	5,834,000	4,969,065
48	7381	8	1,025,274	886,019
48	7382	28	5,115,370	4,193,765
48	7384	34	4,553,152	3,881,627
48	7389	177	23,977,140	20,287,723
48	7513	2	1,225,000	1,010,000
48	7514	1	268,018	227,815
48	7515	4	710,800	662,405
48	7521	2	858,000	729,300
48	7532	114	21,801,579	18,053,848
48	7533	7	1,070,000	905,630
48	7534	9	1,331,500	1,142,433
48	7536	5	547,128	467,123
48	7537	16	2,559,755	2,130,630
48	7538	298	50,706,378	42,705,003
48	7539	113	14,353,417	12,379,513
48	7542	135	37,881,132	31,196,787
48	7549	87	23,967,009	20,096,416
48	7553	1	49,000	44,100
48	7599	1	150,000	112,500
48	7622	19	1,717,696	1,536,362
48	7623	20	1,868,200	1,605,165
48	7629	18	1,774,901	1,538,421
48	7631	4	639,800	550,320
48	7641	3	322,800	272,000
48	7680	1	350,000	283,500
48	7692	21	3,083,160	2,515,239
48	7694	14	2,738,500	2,342,425
48	7699	107	14,091,219	11,633,039

STATE	SIC CODE	NO. LOANS	TOTAL AMOUNT	SBA AMOUNT
48	7812	22	5,267,585	4,257,249
48	7819	4	185,060	168,072
48	7820	1	75,000	60,000
48	7822	14	1,251,400	1,120,510
48	7829	1	56,500	50,850
48	7841	39	6,598,249	5,553,395
48	7844	1	75,000	64,725
48	7880	1	40,000	36,000
48	7911	12	1,455,000	1,234,560
48	7922	3	889,000	748,050
48	7933	19	9,890,000	7,546,190
48	7941	4	1,465,500	1,190,615
48	7991	17	5,122,500	3,918,435
48	7992	13	4,551,000	3,816,900
48	7993	11	2,714,865	2,241,742
48	7996	7	2,284,000	1,873,460
48	7997	16	5,085,200	4,371,636
48	7999	80	17,998,833	14,799,369
48	8011	207	47,424,802	39,445,038
48	8021	294	47,006,513	39,904,556
48	8031	17	3,431,188	2,820,876
48	8041	73	7,517,842	6,358,667
48	8042	45	5,811,448	4,809,563
48	8043	8	1,157,800	930,260
48	8049	55	8,112,204	6,959,989
48	8051	26	13,429,491	9,304,138
48	8052	4	1,096,000	918,720
48	8059	18	8,014,997	4,779,924
48	8062	1	180,000	147,600
48	8063	3	1,209,000	1,056,500
48	8071	15	3,729,051	3,080,889
48	8072	18	1,425,600	1,248,650
48	8082	12	1,678,613	1,437,677
48	8093	5	1,176,200	997,766
48	8099	8	985,000	818,600
48	8111	76	11,679,377	10,024,652
48	8211	4	866,200	758,080
48	8222	1	295,000	244,850
48	8243	3	140,300	126,270
48	8244	7	795,312	715,000
48	8249	10	1,957,500	1,638,200
48	8283	1	17,000	17,000
48	8299	11	1,123,000	950,150
48	8322	12	1,316,750	1,151,275
48	8331	27	3,230,807	3,164,311
48	8351	166	33,039,502	27,433,634
48	8361	6	1,266,568	1,093,911
48	8399	1	350,000	262,500
48	8412	1	260,000	221,000
48	8531	1	66,000	66,000
48	8621	1	300,000	225,000
48	8699	1	150,000	150,000

STATE	SIC CODE	NO.LOANS	TOTAL AMOUNT	SBA AMOUNT
48	8711	81	17,239,372	14,476,853
48	8712	16	2,870,440	2,351,296
48	8713	8	684,290	564,521
48	8721	147	15,184,230	12,810,182
48	8731	10	2,259,300	1,808,968
48	8732	2	350,000	304,000
48	8733	1	99,386	84,478
48	8734	32	8,279,191	6,786,274
48	8741	4	1,600,942	1,331,935
48	8742	19	3,007,000	2,464,582
48	8743	24	1,993,850	1,799,436
48	8744	2	500,000	406,000
48	8748	3	177,500	141,350
48	8896	1	420,000	357,000
48	8921	2	250,000	225,000
48	8930	1	75,000	66,750
48	8983	1	290,000	217,500
48	8999	30	6,297,555	5,199,630
48	9111	1	280,000	238,000
48	9511	1	132,000	118,800
48	9651	1	15,000	15,000
48	9911	1	300,000	225,000
48	9999	4	1,708,000	1,401,840
TOTAL STATE:	48	14,685	2,964,665,839	2,455,290,317

Testimony of

Julia Vindasius
Executive Director
Good Faith Fund
a non-profit program of Southern Development Bancorporation
Pine Bluff, Arkansas

Submitted to:

The U. S. House of Representatives
Committee on Small Business
Subcommittee on Minority Enterprise, Finance,
and Urban Development
Representative Kweisi Mfume, Chairman

October 29, 1993

Testimony of Julia Vindasius, Executive Director
Good Faith Fund
a non-profit program of Southern Development Bancorporation
Pine Bluff, Arkansas

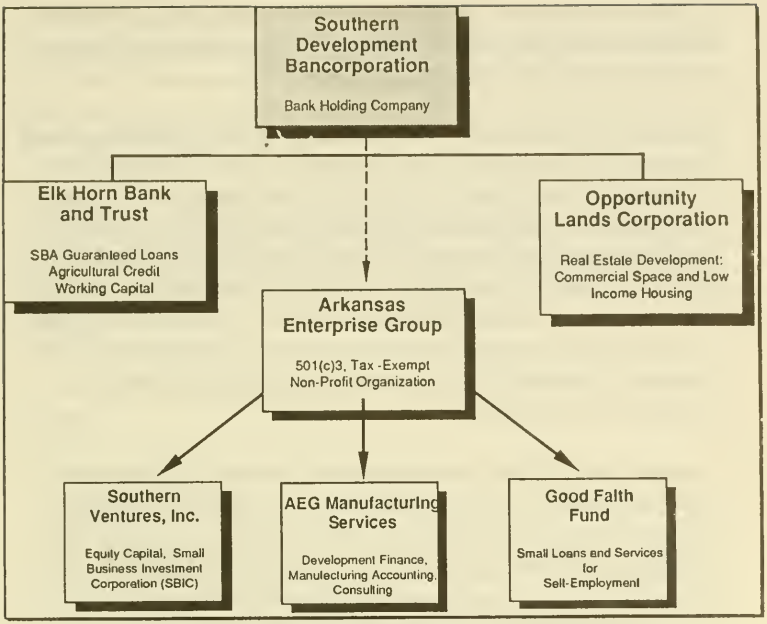
Submitted to the U.S. House of Representatives Committee on Small Business
October 29, 1993

Thank you, Representative Mfume, Representative Dickey, and members of the House Small Business Committee for the invitation to speak before you today. My name is Julia Vindasius and I am the Executive Director of Good Faith Fund, a micro-enterprise loan fund that operates in the Mississippi Delta counties of southeastern Arkansas from its headquarters here in Pine Bluff.

Your invitation requested information about Good Faith Fund's efforts and our performance in meeting the needs of small, minority business owners in the region. Our work for minority entrepreneurs is grounded in Southern Development Bancorporation's mission of community development and renewal. Good Faith Fund has a specific role in the Southern agenda which is to widen the profile of entrepreneurs in the region to include more minorities, women, recipients of public aid, and other dislocated workers. We were the first peer-group lending program in the United States and are a model for a growing number of programs around the country who are using the peer-group technique to support the self-employed.

The Work of Good Faith Fund

Southern Development Bancorporation (also called "Southern") is a federally regulated bank holding company with three major affiliates or subsidiaries: the Elk Horn Bank has over $90 million in assets, is federally regulated and insured, and located in Arkadelphia, Arkansas; Opportunity Lands Corporation is for-profit real estate development company that has focused its work on affordable rental rehab housing and commercial rehab in distressed downtown areas; finally, Arkansas Enterprise Group is a 501 (c) (3) affiliate which has developed several development finance and technical assistance programs for micro-entrepreneurs, small business owners, and small manufacturers in the region.



Good Faith Fund is a non-profit, non-bank program of Southern Development Bancorporation, a community development bank holding company whose purpose is to promote rural business development and job creation and, in turn, reinvigorate local markets.

The Concept of Community Renewal.

I'd like to introduce you to our concept of community renewal. Unfortunately, we are all aware of the problems that plague urban and rural communities. In deteriorating communities, the failure of the local economy and its markets cause capital to flow out of the area; people stop upgrading and investing in their property; property values fall; store owners quit investing in their businesses, close or move away; residents lose hope and stop investing in their education and work skills and fall into unemployment.

In our region of the Arkansas Delta, this pattern of disinvestment is compounded by the fact that residents have relied largely upon branch plant operations that eventually

find cheaper labor overseas. Revitalizing such communities requires a recognition that disinvestment is itself a market phenomenon and, consequently, will only be reversed by fundamentally reinvigorating local markets.

Historically, the main source of wealth for our region has been plantations or landed estates (white-owned) and government guaranteed commodities trades which have not transitioned naturally into healthy local markets or an entrepreneurial culture. As a result, residents—particularly minorities and women—have few role models for small business ownership and weak links to business and financial markets. New and emerging entrepreneurs have limited or restricted access to appropriate, meaningful business information, training, and technical assistance. In addition, banks are not often staffed with commercial loan officers that reflect the racial profile of a needy community. This kind of awareness and service is all a part of a community development lending agenda.

Furthermore, short of CRA pressures, conventional investors, including commercial banks, have steered away from investing in their own communities—minority or otherwise—mainly because they are often driven to earn short-term profits—and community development lending is far from a quick money-making venture. Given the enormous amount of recent consolidation within the banking industry, there are simply more regional and national "megabanks" and fewer community banks who make local entrepreneurs a priority. Community development banking requires smaller loans, a local presence, more sophisticated lenders, and partnerships with like-minded developers and community organizations; in other words, it requires things which some bankers view as a drain on profits.

The Good Faith Fund Program

Good Faith Fund, my organization, works solely with individuals who are self-employed or interested in becoming self-employed as an avenue for self-sufficiency. Modeled after a successful bank for the poor in Bangladesh called Grameen Bank, Good Faith Fund has adapted a peer-group lending technique to deliver credit, business training, technical assistance, a savings program, and networking support to residents in the southeastern counties of Arkansas. Operating like a membership organization, Good Faith Fund currently has more than 160 active members, most of whom have completed a 7-session business training requirement. Approximately

65% of our members are female and more than 75% are African-American. Approximately 20% of our customers receive public assistance. Most businesses are small service or retail customers. We cover eight counties in the region with four Loan Representatives and three managerial and administrative staff. 70% (5 out of 7) of our staff is minority.

As of this month, Good Faith Fund has made more than 125 loans totaling over $320,000. Our average loan size is about $2,600. While delinquency rates range between 10 and 15%, GFF has charged off less than 3% in the last two years. Of the 39 loans we currently have outstanding, 27 are to minority entrepreneurs and 29 are to women.

It is important to remember that GFF's program includes both credit and non-credit elements:

- We provide credit to economically disenfranchised individuals and to self-employment ventures in disinvested communities whose credit needs are not being met;
- But, we also provide management, marketing, and other business assistance to ensure that loans are successful and that borrowers are building their capacity;
- And, we offer a forum for micro-business-owners to learn the necessary skills, earn the credit histories, and develop the track records that will enable them to enter (in some cases) and succeed in the mainstream marketplace.

Our peer-lending program is our most popular and important program. In order to be eligible to borrow from the loan fund, borrowing groups of approximately four to eight people must self-select to provide mutual support and assistance and, through peer-pressure, serve as a guarantee mechanism for the loans. We have shifted the responsibility of loan decision-making to people who have been normally left out of decisions about credit and capital. Borrowing groups become their own "loan committee," reviewing and approving loan proposals from their members. Each group chooses a chairperson and secretary and opens a group savings fund to which they all contribute at twice monthly meetings.

Groups of borrowing groups or "centers" meet in each town on a twice monthly basis along with individual members who are interested in participating in the network, but not yet ready to borrow. First-time borrowers are eligible for up to $1,200 and repeat borrowers may step up to a maximum of $5,000. Market rates of interest are charged.

Consensus, mutual support, membership responsibility, and feedback over a long time horizon are central to the peer-lending process.

None of these loans are turned down—*if* an entrepreneur is willing to learn, do his or her homework, and be responsive to advice and assistance. While the staff and management of Good Faith Fund reserves the right to make a final approval, the most critical approval is by a loan committee of one's peers. Our groups—The Willing Working Females, the Goal Achievers, Creative Trust, The Lively Profiteers, among others—take their responsibility seriously and will make the necessary investment of time and judgment to make sound loan decisions.

Out partnerships with other agencies are enabling us to expand our reach. In September of 1992, Arkansas Enterprise Group (our non-profit umbrella) and Good Faith Fund became a participant in the SBA Microloan Demonstration Program. The timing of the program couldn't have been better—Good Faith Fund was an seasoned intermediary that was able to effectively use the capital available through the program and the incentives in the program have forced GFF to develop new loan products for our customers. The SBA Microloan Program allowed Arkansas Enterprise Group to borrow $750,000 last year at 6$^{3/4}$% from the SBA; this year, we can borrow up to $1.3 million in capital at more favorable terms if we continue to keep our loan average below the recommended $7,500.

With the incentive of new capital, Good Faith Fund developed a new loan product this year that we call our Direct Loan. Direct Loans can be between $5,000 and $25,000 to experienced business owners. We currently have eight borrowers with outstanding Direct Loans; four are minority and two are women.

Another critical partnership has been with the Arkansas Department of Human Services. GFF just learned that we have received a substantial three-year grant from the HHS in Washington to help to provide training and financing to welfare recipients who would like to become self-sufficient through self-employment.

Important to note is that none of our customers—peer group or individual, minority or majority—would be eligible for conventional financing. None have the assets, equity, track record, bookkeeping systems, credit history, or even the deposit relationships that are necessary to get a bank loan. (Copies of some articles about our

customers that have appeared in *The Atlanta Constitution* and *The Pine Bluff Commercial* is also included in the appendix to this testimony.)

◆◆◆◆◆◆◆◆

With that as background, I would like to give you a few examples of some Good Faith Fund customers. Both are African-American. These customers are typical micro-entrepreneurs in urban neighborhoods and rural towns that might be interested in getting a bank loan. As a bank loan officer at a conventional bank, you might be sympathetic to each of these inquiries, but would not be able to provide financing.

◆ **Janey, Beautician**

Janey is a woman in her mid-40's, married with three children. She has been in the beauty and hair dressing business for ten years, working out of the front room of her home—often until 11 p.m. each night. She would like to move her business out of her home for two reasons:

- Her home is in a poor neighborhood, and this hurts her ability to secure new customers and increase her sales; and
- Now that her children are grown, she doesn't feel the need to work at home and would like to stop receiving customers late into the night.

Janey would like to borrow $1,200 to help her open up a new storefront location. With $1,200, she can buy a larger hot water heater so that she does not have to wait 30 minutes for the water to reheat between clients, install shelves, and purchase inventory. With this money, she expects that she can increase her sales from $600 per month to $1,200 per month. Her husband works at the local fire department as a foreman and runs a carpentry business on the side.

Janey has no credit history; her furniture and television are rented. While she is purchasing her home, there is no equity to borrow against. Janey has kept her own books, but does not have monthly or year-end financial statements to show her business income. Given the absence of a credit history, the unpredictability of self-employment income, and the absence of collateral or significant business skills, the bank will be unable to make this loan.

◆ **Stanley W., Retail Clothing and Auto Customizing**

Stanley W. has operated a mobile retail clothing business for a year. Before that, he sold fresh fish and still operates an ice cream business from his truck during the summer for extra cash. Stanley successfully grew his retail clothing venture working at flea markets and delivering to office centers in Pine Bluff. Recently, he partnered with an experienced auto customizer and together they rented a space to sell fad clothing and accessories up front and customize cars in the back.

Stanley needs approximately $10,000 to purchase inventory for his new store. He knows his vendors and is confident that he has the energy to adjust his strategy if one avenue doesn't pay. In his twenties, Stanley has no credit history and no bank account—he is paying for everything in cash or getting money orders to send off his sales taxes monthly. He does not own his home and his only real assets include a pick-up truck and the ice cream freezer he purchased for the back of it. His wife works at a local plant, but will soon be quitting to have a baby and help with the business.

The only record of Stanley's sales are his sales tax reports. He wants to do it right, but acknowledges that he doesn't know anyone who can help him set up a bookkeeping system or learn how to manage his business and finances more efficiently.

While the loan officer at the bank would not—some say cannot— make these loans, Good Faith Fund has made each of these loans. GFF has been able to provide the necessary training and technical assistance to each of these companies so that they are current in their loan payments and their businesses are growing. At present, banks in our area cannot justify or support our loans because of the nature of the requests, their inability to absorb risk, their inability to provide ongoing technical assistance, and the unprofitable nature of small loans.

For example, a typical peer-group loan at Good Faith Fund is $1,800. Interest income off of an $1,800 loan extended for a 1-year term is about $76.00. According to the "Functional Cost Analysis" published by the Federal Reserve, it costs $148.00 for the average small bank to simply originate a loan of that size. Origination costs do not include credit losses, collections costs, or interest expenses in carrying the loan.

The private foundations and contributors that support Good Faith Fund's operations, the grant component of the SBA Microloan program, and now the HHS Grant are making it possible for GFF to lend funds to customers such as these, and to provide a portion of the technical assistance necessary to make these loans.

The key for each of our borrowers is that money alone is not enough. Without substantial technical assistance for each and every one of these businesses, the loan would be imprudent and, probably, counterproductive to the goal of stabilizing or growing a business. As a micro-enterprise practitioner for more than five years, I've learned that loans and technical assistance are symbiotic: micro-entrepreneurs have both financial and non-financial needs—such as training, support, counseling, and business analysis—that must be met to make these businesses (and loans) viable. Furthermore, technical assistance and monitoring is required throughout the whole term of the loan, in addition to the start of each business loan.

Lessons and Recommendations

More than 20 years of community development lending has taught my colleagues and I some important principles upon which new community-based credit programs—for minorities or otherwise—can be based:

First, many people in distressed communities want to improve their life condition. Though they may lack conventional credit histories and experiences, **many residents are fundamentally credit-worthy**. Minority, low- and moderate-income residents will invest money and time to improve their community when they gain confidence about its future prospects and are provided a forum to safely tap their energy.

Second, local development capacity needs to be supported in a disciplined, business-like fashion. **Positive community development is a long-term partnership between residents and financial institutions and programs who care about their communities' future.**

Third, **market forces can be restored in under-invested communities if the level of institutional capacity and resources are sufficient for the task at hand** and if the redevelopment activity is geographically or sectorally targeted.

Fourth, **targeting a geographic area or business sector allows an institution to develop the necessary specialized expertise, gain an intimate knowledge of the marketplace, and manage scarce resources** that will achieve the critical mass of activity necessary to restore investors' confidence.

Fifth, **credit is an essential building block of development, but it is not sufficient to restore and rebuild communities.** What works are comprehensive efforts that address the social and human development needs of communities, not just their financial requirements. Community development banks offer an array of bank and non-bank credit products, real estate development, venture capital, technical assistance, training, human resource development, and local talent that can tailor strategies that fit the particular character of a community.

In summary, a community development bank seeks to restore healthy market forces by attracting and concentrating the resources necessary to build a critical mass of permanent development activities sufficient to shift negative perceptions of investors to positive outlooks.

As congressional leaders, your influence is needed to support programs like the SBA Microloan Demonstration Program—truly an innovative and important federal program. It fills a critical "market gap" for a key segment of the population and the business environment.

In addition, your support for President Clinton's Community Development Banking proposal will be crucial for supporting community-based development finance. The Senate Banking Committee approved a modified version of the bill and, I understand, the House Banking Committee is expected to act on the President's proposal next month. The Community Development Banking and Financial Institutions Act of 1993 would provide grants, loans, investments, and technical assistance to qualifying intermediaries whose primary purpose is community development. As it stands, this legislation is part of a package with several other programs, including provisions to enhance small business liquidity, to require conventional lenders to disclose new consumer information for high-cost equity loans, and to make minor changes in some bank regulations.

Finally, please support any incentive or regulatory improvements to strengthen the Community Reinvestment Act. CRA has proven to be a useful tool for causing conventional financial institutions to reconsider their strategies for lending in their communities. Our capital base is adequate for our level of activity, but the need is much greater and banks have the capacity to leverage much more investment locally. Lively, active banks, investing in the minority and poor communities of the Arkansas delta would dramatically and positively change the economic dynamic.

I hope this information has been useful to you in your review of minority access to credit and capital. Thank you.

Perspective

J

• • SUNDAY, OCTOBER 10, 1993
Copyright © Little Rock Newspapers, Inc.
Arkansas Democrat Gazette

COLUMNISTS

Revolutionary coming to Arkansas

Muhammad Yunus is coming to Pine Bluff early next month, and the state should be alerted.

Muhammad Who?

That's Muhammad Yunus from Bangladesh, although his Ph. D. in economics comes from Vanderbilt. (Talk about your global economy.)

The revolutionary doctrine he's been preaching for years now is capitalism. Not the 16-cylinder, Fortune-500, Mogul-International kind. More like the small-scale, Wright Brothers kind.

He'll be coming back to visit one of the more active outposts of his ideas — or rather his one, single, propelling, revolutionary idea: You don't have to be a millionaire to be an entrepreneur.

The outpost is the Good Faith Fund at Pine Bluff, Ark. The fund has only two requirements for a loan. The borrower must want to start a business, and (b) have four to 10 friends who would like to start a business, too.

The Good Faith Fund is now lending sums up to $25,000 to established businesses, but its most popular program is still the small loan under $5,000 without any collateral needed. The fund's average loan to date is for $2,155. The money is repayable in monthly or bi-monthly installments.

For someone whose credit is nonexistent, and who needs a loan to start a beauty parlor or a janitorial service, or any other small operation that could grow into a big one, the Good Faith Fund in Pine Bluff is the place to go in Southeast Arkansas.

Dr. Yunus first came up with his idea when he was teaching at Chittagong University in Bangladesh. The banks he approached for support offered him instead an abundance of reasons why it would never work.

He was told he would have to guarantee the loans himself. He said he would.

He was told his idea would work only in a few exceptional cases. So he proceeded to branch out into several villages near the university.

Then he was told his idea wouldn't work where he wasn't known personally. So he tried it in a different region of the country — with considerable success.

When no bank would help him, he started his own. It's called the Grameen Bank of Bangladesh. Grameen means village. Last time I checked the figures, the bank had 1,029 branches making loans in 32,288 villages. It had lent out $671.66 million to 1,586,710 borrowers, and was making small loans at the rate of $22.97 million a month. The repayment rate remains as high as it did when Dr. Yunus was making a few small loans to villagers he knew: 98 percent.

The secret of this success appears to be the support groups. No loan is made unless the borrower appears with others also interested in starting a small business. The borrowers lend one another moral support — and supervision.

Loans are made to only one or two borrowers at a time. Only when those loans are being repaid steadily do the other members of the group get theirs. So each borrower has a stake in the success of the other. Dr. Yunus understands something about group dynamics. He also knows that commerce is not just competition but cooperation.

It sounds like frontier days again. Lest we forget, the American frontier wasn't limited to loners, gunfighters, and other rugged individuals. It also had its wagon trains, barn raisings, posses, extended families, and 101 other mutual endeavors.

Dr. Yunus' reliance on mutual aid fits in with an American tradition as old as immigrant banks and mutual aid societies, not to mention the Pilgrims and Puritans. By the time Alexis de Tocqueville wrote *Democracy in America* in 1836, he was able to note numerous voluntary organizations engaged in promoting the common good independent of government.

Once again, poverty turns out to be a cultural problem. Only in a society with a work ethic, in which labor is prized for more than its tangible rewards, and in which people want to do for themselves out of pride and self-respect, can such an approach work.

The Good Faith Fund is working. Begun in 1988, it has since lent out $237,043 in small loans. Last year its repayment rate was, just as in Bangladesh, 98 percent. Come the first weekend in November, Dr. Yunus himself will be the keynote speaker when the Good Faith Fund celebrates its fifth anniversary.

The fund now has what amounts to a line of credit up to $750,000 a year from the Small Business Administration — thanks in large part to Dale Bumpers' knowing a good idea when he hears about it. The senator set up the connection. It's about time the Small Business Administration paid some attention to *small* business.

The fund's anniversary weekend in November will include training sessions for those interested in starting their own micro-business with its help, plus a session for those starting similar funds in their own communities.

Muhammad Yunus' good idea is spreading, and its outpost in Pine Bluff has become something of a model nationwide. Or at least the phone calls keep coming from other parts of the country asking how to start such a fund.

Muhammad Yunus' ideas are reflected in other new and promising ways for people to lift themselves out of poverty — like the building programs that use "sweat equity" to reconstruct deteriorating neighborhoods. A good example of that approach in Arkansas is COPE, or Community Organization for Poverty Elimination.

It becomes clearer that programs which reduce the individual's self-reliance won't work against poverty. Those that work encourage individual initiative and build a sense of community. Like the Good Faith Fund, they're worth supporting.

One of the genuine contributions of the Clinton administration has been to push this kind of banking. But it's not the kind of program that can be franchised nationwide. Each such fund depends on individual leaders who know their communities — the way Julia Vindasius knows Pine Bluff and environs, and Muhammad Yunus knew the villagers near Chittagong University.

Muhammad Yunus will be most welcome in Arkansas. We can use all the capitalist tools we can get.

———◆———

Paul Greenberg is the editorial page editor of the Arkansas Democrat-Gazette.

SMALL BUSINESS

Lending on Faith

Program helps entrepreneurs others ignore

By Frances Schwartzkopff
STAFF WRITER

Jacqueline Love's American Dream — a beauty shop — might as well have been a mirage

The 32-year-old from Eudora, Ark., was an unlikely candidate for a business loan First, she needed just $475, an amount so small most bankers wouldn't consider it worth the paperwork For those who would, the risk was a factor Ms Love is not married and receives welfare to support her six children

But the Good Faith Fund is far from the typical lender

The Pine Bluff, Ark , organization is among a rapidly growing number of nonprofit "microenterprise" programs More than 150 have sprung up nationwide, most of them in the past three years.

They lend to entrepreneurs like Ms. Love so they can buy the bootstraps to pull themselves out of poverty In the process, they bring new life to the boarded-up main streets of rural America, where 70 percent operate

Processing applications for small loans like Ms Love's costs nearly as much as larger loans, so there's little money to be made Good Faith will collect just $76 20 on Ms Love's loan, and its costs don't include the expense of enrolling her in its six-week basic business class

"We are going as much on faith that [microenterprise lending] can have a broad effect," said Steve Suitts, executive director of the Southern Regional Council, a research group "When it's in a place like the Delta, it's hard to argue that it's not starved for capital and that any money for any activity is good "

Like banks, microenterprises charge varying interest rates and terms vary Unlike banks, they often require clients to attend a basic business course Loans range from $25,000 to small ones like Ms Love's, and the majority of clients are women and black people.

▶ The microenterprise program is a new economic development strategy H9

10 percent interest

Good Faith is charging Ms. Love 10 percent interest on a one-year loan. She used the money to buy another beautician's equipment — two dryers, shampoo bowls, a large mirror, curling irons and rollers

"A lot of people who don't have opportunity or money, if they had it if there would be that helping hand for them, they would do better for themselves," said Ms. Love, who proudly opened her home for business in January

Good Faith, like other programs, doesn't even break even on the loans it makes — yet

But, said Susan Maupin, a loan officer with Good Faith, "People see it as a long - term investment A lot of these small towns have been following a sort of smokestack-chasing philosophy for so long As time has passed, the industries are pulling out of these small towns and people aren't left with much."

"We exist to inspire creative entrepreneurial energy in people," Ms. Maupin said "It's an alternative for people to make a livelihood, to make ends meet "

The concept has netted big-time backers. As governor of Arkansas, President Clinton encouraged Good Faith's establishment, and he has since advocated establishing 1,000 programs nationwide Congress in the past two years has allocated $75 million for program development

The support comes in part because lawmakers see Third World countries getting the industries traditionally targeted

Please see PROGRAM, H9 ▶

GREG CAMPBELL/Staff

Jacqueline Love (left) borrowed $475 from the Good Faith Fund to start her own beauty shop in Eudora, Ark. She is giving her niece Whitney Phillips a new hardo while Colletta Strong sits under a dryer.

ATLANTA BUSINESS: NEWS

Poor rural areas are target

Microenterprise programs lend "micro" amounts of money to would-be business owners who are unable to get loans from traditional funding sources because of a lack of credit history, experience and collateral

The programs are the result of a new economic development strategy that seeks to improve conditions in poor rural areas by starting new businesses, not relocating existing ones.

The Pine Bluff, Ark -based Good Faith Fund, for example, serves seven rural counties in southeast Arkansas

The fund was started in 1988 and has $500,000 in loan capital It targets low- and moderate-income people, women and minorities, and its clients are 86 percent female and 90 percent minority

The average loan size is $1,200, and the average loan term is one year

Good Faith has made 125 loans valued at $200,000 Interest rates are tied to market rates and vary Good Faith is funded by private foundations

— *Frances Schwartzkopff*

Program: Small entrepreneurs served

▶ Continued from H1

by economic development programs

"Rural communities need new options to develop economically," said William Bynum of the North Carolina Economic Development Center "Textiles, furniture, farming — all have seen significant decreases in employment and opportunities in the past decade "

As a result, many rural residents either have gone on welfare or moved Eudora lost nearly 1,000 residents over the past decade — not much if a city's the size of Atlanta But for a town that now numbers 3,155, that's a considerable loss And Chicot County is among the top 50 poorest in the country, according to the 1990 census, two out of five residents live below the poverty line

It's hard to imagine that Ms Love's beauty shop can make a difference

'Horatio Alger stories'

"There are these Horatio Alger stories," said Peggy Clark, director of the Self-Employment Learning Project, which is evaluating five programs, including the Good Faith Fund "You see the person who has struggled to live and who starts her own business and she goes great guns and she manages to make a profit "

PINE BLUFF COMMERCIAL

BUSINESS

WEDNESDAY, JUNE 30, 1993

Talent and Need Lead to Thriving Sewing Business

Woman Now Ponders Expansion

By Britt Talent
OF THE COMMERCIAL STAFF

When Dorothy Anderson began sewing out of her home to help make ends meet in 1987, she said she had no idea her sewing would lead to a thriving business in need of expansion.

When she suffered a back injury during an on-the-job traffic accident as a Pine Bluff Police officer in February 1987, she said her monthly income dropped from $1,800 a month to just $600 on Workers' Compensation during her recovery.

A single parent at the time with two teen-age daughters to support, Anderson said she needed extra income to help make ends meet so she decided to start sewing and designing clothes.

Today, Dorothie's Custom Fashions and Designs at 1117 West Fifth Avenue, has become so successful she can barely get around the 15-feet by 15-feet side porch she converted into a sewing shop because of all the garments and sewing machines.

Anderson, the wife of Walter Lee Anderson Sr., has had a passion for sewing since her childhood in her native Helena. She said she used to do domestic work for a teacher on weekends when she was only 11. One day, she said she earned $4, enough to buy a pattern and three yards of material.

When she returned home with the pattern and material, Anderson said her mother refused to allow her to use the family's paddle sewing machine for fear she may injure herself.

Determined to do her project, she said she went outside with a needle and thread and began sewing, though she had never been taught.

"When my mother saw it she was shocked," Anderson said, sitting behind her sewing machine working on another piece. Soon she said she was using the paddle machine and eventually graduated to electric machines.

Anderson recently testified in Washington before the House of Representative's Committee on Small Business about the difficulties she experienced in trying to get money to expand the shop.

"Everybody I've talked to have said the same thing, you have to have money to get money," Anderson said of her testimony. "They don't want to give micro-businesses a chance."

She said she needed $10,000 to close in her side porch for a shop and buy some additional equipment to get the business started after her accident in 1987.

When she approached the Small Business Administration, they told her they would only make loans of at least $25,000 and required the borrower to have $5,000 in the bank.

"If I would have had that much money, I wouldn't have needed the loan in the first place," she said.

Anderson said she finally saved up enough money to enclose the porch and open the business sewing and designing clothes, using her art education received at the University of Arkansas at Pine Bluff.

After she struggled through the early going, averaging about $300 month from the sewing, she said she decided to seek outside advice and joined the Good Faith Fund, a non-profit group based in Pine Bluff that assists individuals in starting and improving their own businesses.

With a $1,200 loan from Good Faith, Mrs. Anderson said she was able to buy an embellishment machine, which allowed her to enhance garments at a faster pace than doing it by hand.

Early this year, Anderson said the Pine Bluff Arsenal asked her to show her designs at a fashion show. She said she received so many inquiries at the show, she decided to start having fashion shows at, of all places, churches.

"Church people love to wear nice clothes to church," Anderson said.

The shows have been a boom to her business, she said, adding that business had become so good lately that she has been unable to meet the demand, despite the help of her daughters, Yolonda, 18, and Tiffanie, 17.

Anderson said her shop had become so cramped with the overflow of dresses and other garments, it is difficult for more than one person to work in the shop at the same time.

She said she has earned as much as $1,200 in one month with her sewing business, but it averages about $800 a month.

Anderson said she was seriously considering making the move to a retail location. She said she thinks the move would allow her to be able to meet her demands and gain new customers by having more space and hiring two seamstresses.

"I told people that when it gets to the point that I can't move around, I'll get a building," she said.

Pine Bluff Commercial (Jeff Streit)

Anderson works at her home-based shop on West Fifth Avenue

Testimony of

MICHAEL JACKSON, EXECUTIVE DIRECTOR
DELTA COMMUNITY DEVELOPMENT CORPORATION

October 29, 1993

Mr. Chairman, Members of the House Small Business Subcommittee on Minority Enterprise, Finance and Urban Development, The Honorable Jay Dickey, and The Honorable Blanche Lambert, thank you for the opportunity to testify and for your coming to Arkansas to hear the concerns of minority business. My special thanks goes to Congresswoman Lambert of the First Congressional District who worked late hours to insure broad participation.

The perspective which I bring to this hearing is diverse and practical. I am Executive Director of Delta Community Development Corporation, Inc., a nonprofit corporation which owns a small manufacturing company that builds building components, is in the process of establishing an industrial park which will house a food processing company, was this year approved as a U.S. Small Business Administration Micro-Loan Demonstration Site and U.S.D.A. Intermediary Relending Program and provides technical assistance. Prior to joining Delta CDC in 1991, I served six years as Special Assistant to the Chairman of the U.S. Senate Small Business Committee, The Honorable Dale Bumpers of Arkansas.

To understand the tribulations of minority firms in Arkansas, you must first understand the tribulations of minority people. I serve a rural region of the Lower Mississippi Delta which includes seven of the most distressed counties in the nation, where family poverty is as high as 39.1 percent and unemployment figures of 16 percent are not uncommon; it is worse for African Americans. Seventy-Six percent of African American households have incomes of less than $10,000 and 46% bring in less than $5,000. Traditional loan programs will not serve them, because they have never had the income to meet the equity and collateral requirements of traditional lenders. The result is that whole generations are raised with the belief that they will never own a business.

Other minority entrepreneurs, perhaps of better means, still must deal with financial institutions which do not serve them, quite frankly, because the entrepreneur is a person of color. This discrimination is sometimes by design, and sometimes it is subconscious. People do business within a comfort zone. I am disheartened to have been able to say for so long that the only African American loan officer based in the region works for me.

There is a call to be practical in our deliberations. Financing initiatives must work for the long term and be sound. They must also recognize the generational gap in business development, racism remains a factor and African American lenders are in short supply in and out of government. We must serve people where they are, with their financial restraints and know-how. I would like to develop two concerns and offer recommendations.

ACCESS TO CAPITAL

Capital formation programs must recognize the difference in the capital structure of minority communities. In Delta CDC's service area, only 72 African American Households have incomes above $50,000; 11.88 percent of the income is from public assistance; 1.5 percent of the income is from non-farm self employment.

These data project the equity and collateral problems that create a distance between minority firms and traditional lending. People don't have the income to save and create the equity that traditional lenders seek. Government, through tax credits and other programs can help create equity pools that can help solve some of these problems. Government should review the successful state programs of North Carolina and the intent there to create a $20 million equity fund for investments into minority firms.

Government could also reconsider its lending criteria under the SBA 7(a) loan program to create additional direct lending to minority firms through the regional structure which oversees the Handicap Assistance Loan, and Veteran's loan programs. SBA could easily restructure the old economic opportunity loan program which after the quality loan programs of President Ronald Reagan stopped serving African American people in Arkansas at all.

Another problem is the small number of lenders who are sensitive to minority business. I do not believe that a lender must be African American to make loans to African Americans. However, the effect of few or no minority lenders is tragic and

unnecessary. In fact, SBA should examine itself. Unless things have changed over the three years since I left government, SBA should be ashamed. I am proud to say that in Arkansas, Bob Pruitt, our Associate Administrator for MSBCOD was recently promoted to A.A. of Finance. I am also proud that District Director Joe Foglia has encouraged his people to get out and participate in minority lending. Joe is a different kind of Director and I value that.

It would be helpful, however, if SBA could review potential loan guarantees in advance of bank conferment. The current program sends minority firms to the same banks that have declined them all along, sometimes for poor reasons. Countless companies get turned down before SBA sees a package and I think some of them have good packages. Also, just as SBA has done more to emphasize small loans by reducing guarantee fees, find a way to emphasize working capital, because we have more trouble getting working capital than anything.

The SBA Micro-Loan Demonstration program is an excellent attempt to meet people where they are. Many persons don,t need a lot of money. These very small loans are not bankable simply because there is not enough profit in them. It is logical that nonprofits do this lending. I do think the committee should do more to insure that African American run organizations participate as lenders, that micro-loan lenders employ African American loan officers and that the program's 15% cash match requirement does not prevent the formation of more minority lenders.

TECHNICAL ASSISTANCE

If lending is to be successful in minority communities, we should also recognize the first generation business phenomena. That is, there are fewer business parents available to teach minority youth about entrepreneurship. It should not be acceptable to turn people down for lack of experience and not be wise enough to create support mechanisms to help them. I can think of two things to do.

First, support youth entrepreneurship programs and encourage school based teachings. Arkansas Human Development Corporation has been a leader in this. I encourage the committee to review their track record and the training curriculum of the Grandville Institute of Virginia. In the AHDC Youth Entrepreneurship Program, they teach kids how to go into business, then make them

loans to do it. I argue that the results will be seen for years to come and the real impact is probably ten to 15 years away. But kids and business are investments. Let us not keep trying to jump start a generation. Let us invest now. Lets stop raising kids to be good workers, lets teach them how to create wealth and be employers.

Secondly, we must delineate technical assistance and management assistance, and then encourage management assistance. To me, this means, providing direct services which allow the entrepreneur to concentrate on his business. Many businesses fail because the entrepreneur is also the accountant, the sales representative, the marketing manager, the janitor and the cook.

Direct management assistant would allow the entrepreneur to concentrate on business at hand and would reduce another the disadvantage that under-capitalized firms have. That is, not being able to hire qualified people for technical matters. Keep in mind, however, that you should find a way to make minority controlled firms and community economic development organizations the providers. This will retain the sensitivity of the mission. Much could be done with the 7(j) program. In Arkansas, however, the contract has been so under-funded in the past that it was not meaningful in my opinion. Five or six years ago, a $28,000 contract was for the State. Also the Commerce Department MBDC program could be expanded to cover more rural areas.

CONCLUSION

In closing, it has been an honor to be here. I have been blessed by God to spend a small portion of my career with some of the best people I know. People who are serious about this work of community development and believe that there must be a set of risk takers. Delta CDC is community based. Our loan fund started with $98,600 in investments of loans and equity from other community organizations. We are expanding our thinking on having the community invest in its own development because we feel that there is much the community can do to help itself. Therefore, we don't spend much time complaining about what others are not doing, but we are looking for partners. We hope that you will be our partner, so that more minority and small firms can be started, more people of color can become owners and more people can be see hope in their future. Thank you.

STATEMENT OF

ALVIN BLACKWELL, PRESIDENT

AEB CONSULTANTS, INC.

Before the Subcommittee on Minority Enterprise
Finance and Urban Development

October 29, 1993

Testimony

Submitted by Alvin Blackwell to the 103d Congress Unified States House of Representatives Committed on Small Business Subcommittee on Minority Enterprize and Urban Development.

I was born in Cleveland County Arkansas on a farm to poor black parents where we raised cotton and livestock. I am the eleventh child of a family of thirteen. Like the rest of my siblings, I started working at an early age (ten years old) catching chickens at night and attending school during the day to help bring money into the family to pay for my school clothes and other expenses because the farm income and my dad's common laborer jobs did not provide sufficient monies to support all of us. Eventually, I and my brothers found other work in the poultry industry starting with building feed silos for poultry houses, and as I got bigger, moving on to welding metal trusses and constructing poultry houses. This provided sufficient income for me to continue through high school and graduate and assisted in paying my way through college.

I attended and graduated from UAPB in 1979 with a Bachelor's Degree in Chemistry and Mathematics. While at UAPB, I co-oped with the U.S. Environmental Protection Agency Region 6 in Dallas and secured a position as a physical scientist with EPA. In 1981 I left EPA to come back to Arkansas to work for Arkansas Power & Light Company as an Environmental Analyst. While at AP&L I was afforded the opportunity to not only work as an environmental analyst but as a load research analyst and as a training coordinator.

In 1986, AP&L made a decision to reduce its workforce and I was laid off. The next day, after being laid off, I founded AEB Consultants, Inc.

AEB Consultants, Inc., was incorporated in September 1986 in the State of Arkansas to provide Training System Development support services. However, due to an inability to find financing for this type of business, in 1987 the company expanded its services outside its original market area of training system development to cover training delivery due to the high demand for performance-based training in the management training and personal computer application software training. Needless to say AEB failed to acquire financing or significant work in this expanded market. Therefore, I was force to get a job to finance AEB. In 1989 AEB changed its marketing efforts to the chemistry and environmental services market and landed it first significant contract with Westinghouse Idaho Nuclear Company to provide on-site bioassay radiochemistry support to the U.S. Department of Energy.

After being awarded this contract AEB tried unsuccessfully to obtain financing to service this contract through a number of local banks. To enable AEB to service the contract I had to get a loan from his brother who had to mortgage his house as collateral. Contract receivable financing should have been available through any local bank for up to 80% of the contract amount even without a SBA guarantee which the banks could have secured.

AEB to date has not been able to take advantage of any of the special SDB legislation that it should have been able to and to date has only received contract awards through full and open competition. The contracts my company has been able to secure on its own include the ones listed below, however, we have not gone unscathed through this process because of inability to properly finance contracts and others has lead to the following which has plagued AEB for the past five years in its efforts

Some of the major problems are enumerated as follows:

1. WINCO/DOE-ID - doing good work goes unrewarded. WINCO handed work by DOE-ID it can't perform due to lack of staff so they hire away its SDB subcontractor's (AEB) staff and reduces the SDB's scope of work.

AEB was under contract with Westinghouse Idaho Nuclear Company (WINCO) to perform wet chemistry separations of bioassay samples, a service that was vital to the Department of Energy Idaho Operations Office (DOE-ID) site contractors at DOE's Idaho National Engineering Laboratory (INEL) Radiological and Environmental Sciences Laboratory (RESL). Since DOE-ID did not have the personnel to perform this work, AEB was subcontracted to perform this vital and necessary function. However, disturbing actions by DOE-ID and WINCO occurred that threatens to destroy AEB's ability to compete on this contract and others. AEB feels that DOE-ID unwittingly promoted unfair competition in its contract awards, placing Small and Small Disadvantaged Businesses at an unfair disadvantage by lowering requirements for large business, i.e. WINCO, and failing to monitor its

prime contractors in performing their contractual obligations in their treatment of participating Small and Small Disadvantaged Businesses firms with respect to oversight of predatory hiring practices, and set asides.

In the July of 1990, DOE-ID awarded WINCO total responsibility for bioassay analysis at the INEL. AEB experienced insensitive and unethical hiring practices by both EG&G and WINCO, two prime contractors at the INEL. These actions typically take place without any notice to AEB. EG&G hired away two AEB senior chemists without any notice to AEB causing AEB to lose over $7,000 in revenues and over $20,000 in general and administrative overhead associated with replacing these individuals.

AEB sent a letter to EG&G General Manager concerning EG&G's action which AEB felt was unethical and constituted employee pirating. EG&G's General Manager agreed that the practice disadvantaged AEB and that EG&G would give AEB due notice if the situation ever presented itself again. Within 90 days of the aforementioned EG&G actions, WINCO engaged in the same unethical hiring practices.

WINCO was given the bioassay work by DOE-ID and immediately hired three of AEB's chemists and continued to accept applications and actively interview AEB employees for positions to perform the same functions they

currently performed for AEB under subcontract with WINCO. WINCO deliberately supported AEB employees in their decision to resign from AEB in favor of going to work for WINCO. AEB discussed this problem with WINCO officials by phone and by letter and the response was that WINCO will not replace the positions vacated through attrition and that should AEB decide to replace any disgruntled AEB employees they would not be replaced. Thus, WINCO reduced the staffing level of AEB's contract by not allowing AEB to replace positions WINCO hired away. However this is contradictory to WINCO's, letter dated August 24, 1990 to AEB, stating that their takeover of bioassay testing responsibilities from DOE-ID was not expected to impact on AEB's contract with WINCO AEB feels that by the above action WINCO is violating Public Law 95-507 which requires prime contractors to have a subcontracting plan that provides maximum practical opportunity for participation of Small and Small Disadvantaged Businesses in federal prime contracting procurement activities and 13 CFR Part 125.4 (C) (1) which mandates federal government prime contractors to submit subcontracting plans that makes maximum use of Small and Small Disadvantaged Businesses, for which violation of this law is a material breach of the prime contractor's contract with the federal government. These hiring practice would seem to demonstrate a lack of concern for public law 95-507 and its implementing rule 13 CFR Part 125.4 (C) (1) by both DOE-ID and WINCO. Furthermore, these practices have not only left AEB at

a competitive disadvantage by depleting AEB's human resources, but will actually cost AEB over $100,000 in lost revenues and $20,000 in general and administrative cost associated with replacing the capability these positions gave AEB.

DOE-ID fostered the above actions by its prime contract in the following ways:

Point 1 - Placing Small and Small Disadvantaged Businesses at an unfair disadvantaged. DOE-ID used less than full and open competition to the detriment of not just AEB and other Small and SDBs but to all businesses involved in this type of work. In December of 1989 EG&G Idaho Inc., at the request of DOE-ID, issued an RFP to perform all of the site bioassay analysis for DOE-ID. This request for proposal included an unprecedented requirement to run thirty (30) blind qualification samples along with submitting a price and technical proposal. This requirement effectively mandated that each bidder perform approximately $15,000 worth of work (above the cost of proposal preparation) at no cost to the Department of Energy for running these qualification samples. This action in itself put any small business that may have wanted to bid on this procurement at a disadvantage due to the cost involved. AEB believes that DOE-ID further disadvantaged AEB by not notifying or making available financial assistance authorized by Public

Law 95-91 as amended by Public Law 95-619 for proposal preparation. However, AEB aggressively pursued this contract anyway because AEB was currently performing all of the bioassay chemical separations work at the DOE INEL, RESL site and was the only firm certified at that time to run the DOE-ID RESL analytical methods. Notwithstanding, AEB voiced its concern that it was unnecessary that AEB be required to run these qualification samples given the fact that AEB had already run qualification samples at RESL and that AEB chemists were currently certified by RESL to run these samples; and given the fact that AEB had successfully run 1500 to 2000 real samples at RESL. AEB's objections went unheard and AEB was told that if AEB wanted to submit a proposal AEB would be required to run the qualification samples or be deemed non-responsive. Ultimately AEB was deemed non-responsive on this bid because AEB failed to meet the deadline by two days on reporting the alpha spectrometry portion of its analytical results on the thirty (30) qualification samples run in response to the RFP. However, of the eight firms that DOE-ID considered qualified bidders and were sent RFP's, only three responded with a proposal and only two, AEB and U.S. Testing actually ran the qualification samples. U.S. Testing was subsequently debarred from participating on all federal procurement. Therefore, AEB's late data should have been

evaluated given that there were no other bidders who had run qualification samples. This fact is borne out by EG&G's RFP cover letter, page seven, item four, which states that EG&G would consider late initial proposals if deemed to be in the best interest of EG&G Idaho Inc. to wit DOE-ID. This would seem to have been the case given DOE-ID ultimately didn't have any competition on this RFP and mandated that EG&G or WINCO do the work it wanted at a cost two (2) to five (5) the cost AEB proposed. However, submission of this data was still unnecessary given the fact that AEB's chemist were already certified by RESL.

AEB lost the bid not because AEB was unqualified to perform the contract, but because the unprecedented requirements of the DOE-ID RFP and the long lead time that was required to obtain the highly specialized equipment and critical supplies for which there were only one or two suppliers in the entire world and inadequate and untimely capitalization [1]. DOE-ID, through

[1] THE INEL BID

Because of problems in locating land and financing for building a laboratory AEB decided to find an existing building for a laboratory in December of 1989. During this time DOE continued to express to AEB that the work being performed under AEB's current contract with WINCO was going to be contracted out. AEB proceeded to move cautiously toward ordering equipment and supplies for the laboratory pending capitalization of the project since it was financing it totally out of internally generated funds and because DOE had only at this point published a request for qualifications and not an actual request for proposal. Procurement for the laboratory began earnest in late December of 89 even though AEB did not yet have a building for the laboratory. This was necessary due to the long lead times that are typical for procurement of highly specialized laboratory equipment and supplies. AEB purchased as many of the longest lead time items for the laboratory that it could afford. AEB did not purchase radioactive tracers and calibrations sources simply for lack of capital. This ultimately became a fatal flaw to the INEL bid because two of the tracers arrived just 10 days before the test sample analysis results were due back at DOE. In January of 1990, AEB secured a building to house the laboratory, and was introduced to SVI for the purpose of supplying additional capital necessary to at least get the laboratory set-up to analyze the qualification test samples which DOE would require as a part of any proposal submitted to perform the work on site that AEB currently performs at RESL. On February 2, 1990, DOE issued an RFP to contract out the work AEB performs at

RESL as AEB had been told along with qualification samples. The RFP, along with sample analysis results, were due within 30 weekly days. At this point, AEB did not have in place any financing agreements to pay for already ordered equipment and supplies, and our vendors (except for Fisher Scientific) refused to ship without cash before delivery or a bank letter of credit for the amount of the purchase.

On February 14, 1990, SVI expressed an interest to provide the additional capital necessary to complete the analysis of the DOE qualification samples. Actual funding did not occur until February 22. The lengthy negotiations proved detrimental to the project in that 27 days of the 30 working days given to submit a proposal and test results were already spent and AEB had not been able to do any work to that end because its personnel (with the exception of those assigned to RESL) were using too much of their time preparing information to facilitate capitalization of the project. The spectroscopy systems did not arrive until March 26, and the installation did not began until the 27th. It took three days to install the equipment which put AEB 29 days behind schedule for work on the actual INEL Bid. Canberra had promised AEB equipment and installation by the 6th of March. They had received the $50,000 to release shipment plus the initial $15,000 down payment. AEB had exhausted all avenues of persuasion to get the equipment released. To make matters worse, Canberra could not provide a trainer to AEB in enough time to meet the proposal receipt deadline so the person who installed the systems trained Alvin Blackwell on their use to the best of his knowledge. This was inadequate, to say the least; therefore, an Alpha Spectroscopist was also brought in to complete the training needed to proceed with the bioassay sample analysis.

During the negotiation stages with Southern Ventures, Inc., AEB realized that financing the Alpha & Gamma spectroscopy equipment was not enough support to maintain AEB as a viable company so AEB asked for additional operating capital for expenses related to the project. SVI extended AEB an additional $55,000 line of credit of which $36,979.45 was released immediately.

Twenty seven days into the 30 working days, AEB realized that it would have to subcontract out the gamma counting portion of the qualification samples due to delays in getting equipment from Canberra. The Gamma counting portion of the qualification run was subcontracted and was not completed until March 6, leaving just 20 days to perform the work and submit a proposal.

DOE in its actual RFP added an additional requirement requiring analysis of samples for natural uranium. This necessitated the leasing of a Kinetic Phosphorsent Analyzer (KPA). The KPA was leased at a cost of $10,697; this was just one of the things that prompted AEB to ask for additional capital from SVI. The KPA needed a Uranium source in which to calibrate it so AEB ordered the source via express mail; the KPA did not arrive until March 13 and the source on the 21st. A muffle furnace had to be purchased for $2,351.35 with the additional investment by SVI; AEB had relied upon assurances that it could ash samples at AP&L's facilities which ultimately were not available. The wiring in the building was inadequate to operate the muffle furnace so AEB hired an electrician to install new wiring and install the furnace. After thirty days spent AEB is finally almost ready to analyze the samples except that it still did not have two necessary tracers. These radioactive tracers which were critical to this analytical process finally arrived eight days before the results were due, costing $12,000 which was two times the projected cost. Because AEB had lost so much time raising capital and waiting for equipment and supplies it was hard pressed to be able to analyze the sample and submit a bid. This necessitated bringing chemist from the INEL project to our laboratory at a cost of $5,000 in lost revenues and $2,750 in travel, room and board.

In order to meet the deadline, operations had to be performed around the clock for the duration of the response time to the RFP and on March 22 chemist assigned to RESL had to be sent back to RESL to continue AEB contractual obligations there. The company president and CEO functioned as a chemist and as an administrator etc, because its Sr. Chemist scheduled to do the work on the qualification samples became sick with the flu. This meant installing additional phone lines in the laboratory and hiring additional clerical and janitorial help to keep the company at large running. AEB incurred extensive long distance billing due to the late arrival of equipment and no training or shake down time on it. Ordering specific products peculiar only to the instrumentation and operations necessitated detailed descriptions of AEB needs rather than ordering through a purchase requisition. Also, the technical nature of some of these orders could only be handled by the CEO due to a lack of technical staff. AEB also found it necessary to seek guidance in the actual operation of the instrumentation from time to time which meant spending hours on the phone with vendors.

AEB installed a larger blower on the hood that AEB rented from Simmons Bank because the existing one was inadequate. During the qualification run, the hood system went down, acid had destroyed the wiring in the motor causing AEB to move operations to the University of Arkansas at Pine Bluff which also proved futile because the wiring in their labs would not accommodate hot plates necessary in the sample analysis. This caused AEB to lose two days. Laboratory work came to a halt as a result of the hood failure and AEB had to purchase a new motor and install it. This hood failure caused AEB chemists assigned at RESL who were at the laboratory to help make up loss time, lose confidence in the company's ability to complete the work and submit a proposal, and subsequently staged a walkout and questioned the company's regard for their safety because of the failed hood. The outside servicemen did not assess our needs properly and thus installed the motor without a protective casing.

These problems, along with having to spend so much time developing information to get financing, ultimately forced AEB to do three weeks of work in less that ten days. This gave rise to mistakes and break downs in last days of the test run which cost AEB a three year contract worth one million dollars per year.

EG&G subsequently withdrew its RFP due to DOE-ID's apparently orchestrated lack of qualified bidders.

POINT 2 - Unfair Competition - In August 1990, AEB learned that DOE-ID awarded total responsibility for bioassay analysis at the INEL to WINCO with one year's grace period to come up to speed. This was done even though both EG&G and WINCO admitted that they lacked the manpower and adequate facilities, which AEB had, to perform the work. WINCO was not required to qualify up front to be awarded this work as AEB and other contractors were. DOE-ID was aware of AEB's capabilities and qualifications from AEB track record at its INEL site and from a proposal submitted to WINCO who referred it to DOE-ID who referred it to DOE Headquarters as an unsolicited proposal.

While WINCO was allowed to learn as they go, AEB continues to have to prove itself over and over again. However, not once did anyone from DOE-ID conducted an audit of AEB's laboratory or taken a serious look at AEB's demonstrated capability in the field of radiochemistry. AEB's only shortcoming was the long lead time to procure the highly specialized equipment, (from limited vendors) and lack of credit required to perform the work to meet DOE-ID's RFP relatively short deadline of thirty five (35) working days. On the other hand, DOE-ID overlooked WINCO's

shortcomings, i.e.,its lack of qualified personnel and facilities to perform this work giving WINCO a year to come up to speed. These shortcomings necessitated the need to continue a subcontract with AEB to supply contract chemist to DOE-ID through WINCO to perform the work in DOE-ID's RESL facilities in the first place.

AEB feels that because WINCO was a larger firm and better capitalized they were awarded responsibility for bioassay work at the INEL. Under Public Law 95-507, DOE and its prime contractors are required to make maximize use of Small and Small Disadvantaged Businesses in the federal government procurement process. For DOE-ID to nurture WINCO along until they qualify to perform this work would appear to be and continue to be a serious violation of Public Law 95-507 and 13 CFR Part 125.4 (c) (1).

2. Martin Marietta - AEB wins bid to perform bioassay and environmental sample analysis to determine if any radionucluide contamination at the site had occurred contaminating personnel or the environment; AEB found contaminated bioassay (people's urine) samples; Martin Marietta discontinued this work by outside contractor (AEB) to analyze its samples in favor of doing it in-house, the net effect was the loss of nine high paying jobs (avg of $30,000) in a labor surplus area in Arkansas.

3. Puget Sound Naval Shipyard was originally solicited as a small business set aside. When it was realized that the incumbent contractor was not a small business it was changed to unrestricted. AEB was low bidder on this competitive bid, DoD didn't like it and refused to award contract. As a result, AEB requested and SBA certified AEB's ability to perform the contract through its CoC program. DoD continued to protest threatening an appeal of the CoC decision to Washington. DoD ultimately awards AEB the contract but spreads discord among DoD staff and outgoing contractor personnel saying, "AEB was wrong for bidding on the contract taking existing employees jobs", then further sets AEB up to fail by telling AEB's staff that only three months of work exist even though AEB signed a one year contract and based on the government's best estimate projected at least seven man years worth of work. DoD however immediately after award reduced the projected seven man years of work to four.

4. EG&G Rocky Flats awards AEB a $2,000,000 dollar per year two year contract. However, AEB cannot get adequate financing to service the contract. AEB at the insistence of its financing parties push for faster turn-a-round on receivables. EG&G retaliates by cut off work causing a loss of 10 jobs. AEB enlist the help of Congressman Dickey who intervenes on AEB behalf to the Secretary of Energy. EG&G retaliates again by auditing AEB facilities while all by two employees are

laid off and concludes that AEB is not capable to perform the work and puts AEB on an Unapproved Suppliers List

Closing Comments

In closing I am not here to ask for or special treatment, but simply a chance to compete for federal contracts and get adequate financing without bias based on the fact that we are a small minority business. As you can see, I and my company are a fighter and have beaten the odds which say we shouldn't be here. However, now there is a lot more at stake than just being here. I have put my home, my financial future, my brother's financial future and home, not to mention other Stockholders' investments as well as the SBA loan guarantee program on the line. So the pressure to succeed is now greatly increased.

STATEMENT

OF

DR. LULA LANG, D.D.S

PRIVATE PRACTICE

Before the Subcommittee on Minority Enterprise
Finance and Urban Development

October 29, 1993

Thank you Congressman Mfume and your Subcommittee for inviting me to take part in this hearing entitled "Minority Entrepreneurs' Quest to Obtain Financing."

As you are aware I am a female dentist here in Pine Bluff, AR. I started my solo practice in approximately 1987. Upon returning to Pine Bluff, (my home Town), I tried to get an associate position with other dentists but was very unsuccessful. So, I managed to secure a temporary teaching job for a short time at the University of Arkansas at Pine Bluff. While working part-time, I knew it was a must that I get into my field as a dentist and decided to try and secure a loan from the bank. But before approaching the bank, I first secured the help of a consultant, who had been appointed, (hired), by another dentist, to help me try to open my own practice. Since I was just recently out of school and knew absolutely nothing about starting a business, I was very glad to have someone point me in the proper direction! The consultant guided me in submitting the correct background and cost analysis information, (dental equipment, supplies, furniture, staff, etc.), needed to open a dental office.

I submitted this application to the Bank Officer in the Loan Department. After an interview with the officer, he informed me that my loan application could not be approved because of my credit record. However, in a separate letter to the officer, I explained about my loans from school, which showed up my student loan default

and I didn't have sufficient collateral. Afterwards, I spoke with a counselor or loan officer in Little Rock about trying to obtain a Small Business Loan. After I briefly explained about the default loans on my credit history and that I was a recent dental graduate, I was informed immediately that I couldn't get a loan if I didn't have that much in collateral to cover that Loan. This was my last route since this particular office was suppose to help people getting into a small business or presently established in a small business. I was treated just like the traditional banks because I didn't have "UP FRONT COLLATERAL."

In trying to seek out dental equipment I had to lease equipment from higher dealers because the dental dealers with used or reasonable equipment couldn't grant me a lease due to default school loans on my credit record. Henceforth, I was forced to go with the higher dental dealer because I could get them to lease me the equipment based on a small down payment.

Being from a large family of (10) ten, you realize quickly that you must work hard for any and everything you lay your hands on as you attempt to climb the ladder for success. So, I decided to take what little money, (which wasn't much!), I had saved from my school days and any money I could get from family members and start working toward opening my dental office. It was extremely hard without start up capital; and unfortunately, I couldn't hire anyone! But with the help of my brothers and sister, we painted

and nailed until we managed to get a small office space, that I had secured, into looking like a dental office.

As I stated above, I couldn't hire anyone to help me. My mother and sister took turns working mornings and afternoons in my front office while I handled my patients without an assistant. I continued working various jobs during the early hours of the day and ran my dental office during the evening. I an still able to keep my practice going by not paying myself a salary, keeping my overhead as low as possible, teaching high school full-time during the day from 7:45 a.m. to 3:10 p.m., of which I enjoy, and working my practice in the evenings and on Saturdays.

I have tried to be as detailed as possible with my brief overview of how I started and an still practicing as a dentist. I hope this information will be of some assistance to you! Once again I thank each of you for asking me to share this information at this hearing.

PREPARED STATEMENT OF

DAVID L. ASHLEY

PRESIDENT OF

RAINBOW CHRYSLER, PLYMOUTH,DODGE, JEEP EAGLE INC.

MAGNOLIA, ARK.

BEFORE THE

SUBCOMMITTEE ON MINORITY ENTERPRISE,

FINANCE AND URBAN DEVELOPMENT

PINE BLUFF, ARK.

OCTOBER 29, 1993

TABLE OF CONTENTS

I. TITLE PAGE

1. A CLEAR PURPOSE

2. TESTIMONY

3. THE WIZ OF OZ THEORY

4. QUESTION OF SUBORDINATION

5. NAMAD CONCERNS

6. CLOSING

APPENDIX

1. COPY OF LOAN APPROVAL

2. COPY OF MANUFACTURER LETTER

3. COPY ORIGINAL LOAN AGREEMENT

4. COPY OF BUSINESS PLAN (ABRIDGED)

5. NAMAD ISSUES

6. QUESTIONS

A CLEAR PURPOSE

It is my great pleasure to speak and participate in these proceedings. I am here as an advocate for change. Change in a system that is already striving for change.

It is not my intention to place blame on any entity that is involved in the small business administration or any agencies that may be associated with this organization.

However my main purpose is to point out certain weaknesses in the loan application process.

My point of view is from my own personal experience, and if it shows any similarity to any written or heard otherwise is strictly coincidental.

My name is David L. Ashley. I am the owner of a new car dealership. The location is Magnolia, Arkansas, one of the most beautiful cities in America.

I have been operating this business since August 1, 1991. It is the opening of this business that will always stand out as one of the proudest moments in my life.

This proud moment would not have been possible if the Small Business Administration had not believed in me and my idea.

Today I sit before you in testimony of my experience with the Small Business Administration. The application process of the administration is in question. The length of time that is spent on a loan is also being considered as suspect to this committee.

There have been many applications that were turned down by the banks. Many a great idea has been killed by the manufacturers. I do suspect that the Small Business Administration has made a few mistakes as well. However, they didn't make many on my loan package. The one mistake that was made was the question of subordination of loans.

I applied for my loan on December 22, 1990 and my approval was granted on January 4, 1991.

You may be wondering, why, if my loan was approved it took so long to open the company. I believe my hardships were because the SBA did not have absolute power to enforce written or verbal agreements between myself (the applicant) and the manufacturer.

Ladies and Gentlemen,

When you asked me to walk you through the loan application process, I felt I had an unfair advantage. The only thing I did to help process my loan was to write a Business Plan and do leg work on logistics. I would track down statistics that were vital to the success of a future business. If someone needed paperwork I would hand carry it from person to person. By doing this, it gave me a chance to get face to face with those people who were responsible for my loan decision. I wanted my loan adjudicator to know me so when he talked about my package I wasn't just an application, but an applicant.

Robert Pruitt, at that time, was an assistant Branch Director. He and Bill Horn were very patient with me and counseled me well. Mr. Pruitt stayed with me through every step of the loan process sometimes acting as a coach when I might hit a brick wall. It was he that lead me to Mr. Lairie Kincaid, the manager of the Arkansas Small Business Development Center, in Magnolia. Lairie Kincaid and I met in December of 1990, on or about the 14th. That was a Friday and I was in need of quick help so we worked all morning that Saturday.

Mr. Kincaid asked me about my business plan and projections. My whole application was written by Lairie Kincaid.

At this point in my loan, I had three strong allies in the loan application process and didn't have a solid bank sponsor.

Arkansas Capital Corporation had expressed interest but had not fully committed. Lairie had been telling me it was good, politically, to at least give the local banks the opportunity to turn down this package.

Once again, I took his advice. It proved to be good. When I met with the bank President, he was very anxious to help. The next day I had a letter of Participation from the bank, First National Bank of Magnolia, Arkansas.

Without Lairie Kincaid and Robert Pruitt's help on those loan application papers, it would have been a very long winter for me.

Please reference the loan application package prepared by the Magnolia, Arkansas Small Business Development Center in the appendix pages.

THE QUESTION OF SUBORDINATION

It was evident early in the visits with the people at the SBA office and at the bank that everyone wanted assurance of participation.

Each party wanted to know that the other was involved and ready to help.

I worked as the mediator between the bank (which really remained neutral), Chrysler Credit Corporation and the Small Business Administration.

What happens when one of the parties that is participating in a loan package cannot uphold their agreement?

It is detrementel to the applicant and the application process. Everyone has to start over; loan applications, papers, the works.

The question of subordination should always be addressed up front. Subordination agreements are just ways to dance around already stated agreements.

The Small Business Administration should be able to enforce the participants written and verbal agreements.

If you are wondering, yes, I am saying give the SBA the power to complete an already approved package.

Once the letters of participation are written every party should stand by their agreements.

The application consists of the following:

1. The Business Plan
   A. Idea for the project
   B. The forecast and market projections.

2. The loan material and legal promissory notes
   A. Application paperwork and contract of repayment.

3. The list of collateral

4. Letter of participations
   A. Manufacturer agreement to participate and terms.
   B. Sponsor bank agreement to participate and terms.

The application process for these loans is an easy one. Every state now has at least one small business development agency.

If we could take a list of the last one hundred loans made in this district, most would have a completed application in seven (7) to thirty (30) days.

Using that same list you'll find that there is a difference of time in openings of these companies.

I have never seen a list. I don't know if this statistic is kept up with by any office.

This information would be invaluable when addressing a time question concerning the loan application process.

Why can't an agreement be run as originally scheduled and what gives a participant the right to change their mind?

Every SBA loan has at least four entities involved:

1. The SBA
2. The sponsoring bank
3. The manufacturer of products
4. The applicant

Naturally having been an applicant, I believe the applicant is the most important of the four.

It is the view and skill of the applicant that will ultimately make any project work.

Depending upon the drive of the applicant, there may be no loan.

The applicant is the customer and the money producer. Their success is paramount to that of any of the others listed above.

There is only one business in any loan package and that business cannot succeed without customers.

There will be no business without customers. Just as there is no SBA without applicants.

The applicant in most cases of loan rejection or approval will suffer the most anxiety; the doubting of one's self and the doubting of acceptance of the project.

The idea for the project is what the applicant is basing their future on. This idea no matter how small has to be well thought through and easy to communicate to a larger number of people, since many people will need to review it in a short period of time.

The better communicated the idea, the more likely it is the project will work quickly. You want to remove as much doubt from the loan officer's mind as possible. This includes the SBA officials, the officials of the sponsored bank and the manufacturer.

The idea should be written as a business plan. The business plan can communicate everything you may know about the project and more.

Most people involved in a planning project suggest the business plan is the most essential tool. It is viewed as a road map to success.

THE WIZARD OF OZ THEORY

Dealing with a manufacturer can be an up and down experience. They offer clear-cut objectives and sometimes they don't expect those objectives to be reached.

We all know the story of Dorothy in the Wizard of Oz. She was given the objective of killing the witch and bringing back her broom as proof. The Wizard never thought she could do it. He, like some bankers and manufacturers underestimated the drive of the human spirit.

In your travels during your committee meetings ask how fair the objectives are. If they are reached, it is only fair that the applicant get the rewards.

There must be enforcement on a written or verbal agreement, and the enforcement rule must include no retaliation.

To the applicant in the 8a program, the SBA has absolute power.

---They control the listings, and who can and can't be on them.

---They control the time and length of a contract.

---They even control the profit projection.

---They have included in this program a provision to control fraud.

It would be naive to assume that there is always a possibility for fraud, because there isn't. It is just as naive to assume that everyone will stand by an agreement just because the SBA is involved.

On August 3-5, 1993

The members of The National Association Of Minority Automobile Dealers, came to Washington D.C. to talk to our Congressmen and Congresswomen. We had a very successful meeting. It was pleasing to see how interested everyone of you were in us.

N.A.M.A.D outlined (5) five major concerns. They were as follows:

1. Access to venture capital
   There are over 500 minority-owned and operated automobile dealerships in the U.S. N.A.M.A.D member who have participated in the process involved with acquiring government-backed loans is long on time and short on results. The results of a joint SBA/NAMAD loan guarantee program is still under analysis.

2. Diversity in the executive branches of car Manufacturers.
   This issue is to assure minority participation in the entire Corporation structure of domestic and U.S. operation of foreign car manufacturers, including the manufacturer captive finance companies from the seats in the Board Room.

3. Minority Automobile Dealers and Foreign Car Manufacturers.
   This issue deals with increasing the number of minority dealerships associated with foreign automobile manufacturers through the creation of dealer development programs.

4. Access to Local,State and Federal Markets.
Assure that government agencies spend local and federal tax dollars with the intent to increase the purchase of vehicles from minority owned dealerships.

5. A Proposal Regarding the Airport and airway safety, Capacity,noise improvement and intermopar transportation act of 1992.

A. The appropriate size standard to be used for the minority automobile dealership.

B. The credit to be assigned to the transaction for the purpose of counting toward the DBE goal (Disadvantage Business Enterprises).

Please reference these issues in the Appendix pages.

In closing I would like to say Thank You for allowing me to participate.

I don't want to miss the opportunity to do great things.

The children of this state and community need me. They need to see that they can do great things without being able to shoot a basketball or play some sport. They need to have it driven in their minds that you can achieve if you're an average person. These people, all people are habitual characters, who only learn through example. I'm a good example. Maybe I'm to aggressive, but I'm always fair and willing to look at a compromise if at all possible.

APPENDIX

OMB Approval No. 3245-0201
Exp. Date: 12-31-87

LOAN NUMBER
GP-434727 3007-LR

U.S. SMALL BUSINESS ADMINISTRATION
320 WEST CAPITOL AVENUE, SUITE 601
LITTLE ROCK, ARKANSAS 72201-3518

AUTHORIZATION AND LOAN AGREEMENT
(GUARANTY LOANS)

First National Bank
P. O. Box 400
Magnolia, AR 71753

Your request dated January 4, 1991 for SBA to Guarantee 85% of a Loan in the amount of $270,000.00 to be made by Lender to David L. Ashley and Rainbow Motor Company, Inc. Hwy. 79-B - Magnolia, Arkansas 71753 is hereby approved pursuant to Section 7 (a) of the Small Business Act as amended.

1. The following forms are herewith enclosed:

   (a) Three copies of SBA Note, one to be executed by the Borrower, the other two to be conformed. The original executed copy must be retained by you and one conformed copy must be sent to SBA immediately after first disbursement, together with a guaranty fee of 2% of the amount guaranteed. This fee shall be paid by Lender within 90 days of the date of this authorization and Lender may charge the Borrower for such fee.

   (b) Copies of the SBA Settlement Sheet, Form 1050, are to be completed and executed by Lender and Borrower to reflect each disbursement. Prompt reporting of disbursements is necessary. Return the first two copies ("Denver FOD" copy and "Servicing Office" copy) to SBA.

   (c) Compensation Agreements, Form 159, shall be executed by Borrower, his representative and Lender and returned to SBA if Borrower has employed an attorney, accountant or other representative, or if Borrower is charged fees for services by Lender or an associate of Lender. If no such fees have been charged, please write "None" and return the form, executed by the Lender, to SBA.

SMALL BUSINESS ADMINISTRATION LOAN APPLICATION

Prepared for:

RAINBOW MOTOR COMPANY, INC.
DAVID L. ASHLEY
MAGNOLIA, ARKANSAS

Prepared by:

ARKANSAS SMALL BUSINESS DEVELOPMENT CENTER
University of Arkansas at Little Rock
Magnolia Field Office
Magnolia, Arkansas
December 21, 1990

RAINBOW MOTOR COMPANY, INC.
DAVID L. ASHLEY
SBA LOAN APPLICATION
TABLE OF CONTENTS

SYNOPSIS OF LOAN REQUEST

APPLICATION FORMS
- Application
- Form 1624
- Form 1261A
- Personal History Statements
- Statements Required by Laws and Executive Orders

EXHIBIT A, COLLATERAL INFORMATION
- Collateral Discussion
- SBA Form 4, Schedule A
- Equipment List

EXHIBIT B, PERSONAL FINANCIAL STATEMENT

EXHIBIT C, COMPANY FINANCIAL INFORMATION
- Summary of Prior Years' Financial Statements
- Prior Years' Financial Statements (Edwards Motors)
- Explanation of Pro forma Statements
- Pro forma Balance Sheet
- Pro forma Profit & Loss Statement

EXHIBIT D, COMPANY AND MANAGEMENT BACKGROUND

APPENDIX
- Purchase Agreement
- Seller's Statement
- Lease Agreement
- Confirmation Letter from Chrysler Credit
- Business/Marketing Plan

RAINBOW MOTOR COMPANY, INC.
DAVID L. ASHLEY
SMALL BUSINESS ADMINISTRATION LOAN REQUEST
Synopsis of Loan Request

Mr. David Ashley, of Magnolia, has requested a $270,000 Small Business Administration guaranteed loan for the financing of his purchase of the Magnolia Chrysler Motors dealership from Edward Tallach, its current owner. Mr. Ashley will establish a new corporation called Rainbow Motor Company, Inc., and will occupy the same facility as Mr. Tallach's business. Mr. Tallach has agreed to sell the dealership for $300,000. In addition, Chrysler requires a working capital fund of $100,000 in order to grant the dealership. Mr. Ashley has $30,000 of personal funds to invest in the project, and Chrysler has tentatively agreed to loan him the $100,000 for working capital. They (Chrysler) have not committed to the loan yet. They are awaiting a contingent commitment from Mr. Ashley's bank and the SBA. They have indicated that the $100,000 loan can be made to Mr. Ashley, personally, so that it can be invested as capital in the new corporation. They also have indicated that the loan can be structured so as to allow the bank/SBA to treat the loan as equity capital. Specifically, they will subordinate to the bank/SBA and will defer principal payments until the new company is able to afford them. Chrysler has also indicated that, once a contingent commitment from the bank/SBA is obtained, they will grant a floor plan loan to the new dealership.

As collateral, Mr. Ashley offers the inventory of used cars, parts, notes receivable, furniture and fixtures, and the dealership rights. He is paying Mr. Tallach $300,000 for all of these items, and has allocated the purchase price over them in his purchase agreement (see appendix). These values are used for the collateral values on the application form. Mr. Ashley feels that, because of the conditions of the sale, some of these assets are undervalued. A discussion of the collateral values is contained in the Collateral Exhibit.

OMB Approval No. 3245-0016
Expiration Date 10-31-87

U.S. Small Business Administration

Application for Business Loan

Applicant / Full Address				
Rainbow Motor Co., Inc.				
Name of Business: Above				Tax I.D. No.: applied for
Full Street Address: Hwy 79B				Tel. No. (Inc. A/C): 501-234-2334
City: Magnolia	County: Columbia	State: AR	Zip: 71753	Number of Employees (Including subsidiaries and affiliates)
Type of Business: Automotive Sales & Service			Date Business Established: New	At Time of Application: 13
Bank of Business Account and Address: First National Bank of Magnolia, P.O. Box 400, Magnolia, AR 71753				If Loan is Approved: 15
				Subsidiaries or Affiliates (Separate from above):

Use of Proceeds: (Enter Gross Dollar Amounts Rounded to Nearest Hundreds)	Loan Requested	SBA USE ONLY
Land Acquisition		
New Construction/ Expansion/Repair		
Acquisition and/or Repair of Machinery and Equipment		
Inventory Purchase		
Working Capital (Including Accounts Payable)		
Acquisition of Existing Business	270,000	
Payoff SBA Loan		
Payoff Bank Loan (Non SBA Associated)		
Other Debt Payment (Non SBA Associated)		
All Other		
Total Loan Requested	270,000	
Term of Loan	10 Years	

Collateral — ATTACH COPY OF WARRANTY DEED

If your collateral consists of (A) Land and Building, (D) Accounts Receivable and/or (E) Inventory, fill in the appropriate blanks. If you are pledging (B) Machinery and Equipment, (C) Furniture and Fixtures, and/or (F) Other, please provide an itemized list (labeled Exhibit A) that contains serial and identification numbers for all articles that had an original value greater than $500. Include a legal description of Real Estate offered as collateral.

	Present Market Value	Present Loan Balance	SBA Use Only Collateral Valuation
A. Land and Building	$	$	$
B. Machinery & Equipment	30,000		
C. Furniture & Fixtures	10,000		
D. Accounts Receivable	115,000		
E. Inventory	120,000		
F. Other	25,000		
Totals	$ 300,000	$	$

PREVIOUS SBA OR OTHER GOVERNMENT FINANCING: If you or any principals or affiliates have ever requested Government Financing, complete the following:

Name of Agency	Original Amount of Loan	Date of Request	Approved or Declined	Balance	Current or Past Due
None	$			$	
	$			$	

SBA Form 4 (2-85) Previous Editions Obsolete

INDEBTEDNESS: Furnish the following information on all installment debts, contracts, notes, and mortgages payable. Indicate by an asterisk (*) items to be paid by loan proceeds and reason for paying same (present balance should agree with latest balance sheet submitted).

To Whom Payable	Original Amount	Original Date	Present Balance	Rate of Interest	Maturity Date	Monthly Payment	Security	Current or Past Due
None	$		$			$		
	$		$			$		
	$		$			$		
	$		$			$		

MANAGEMENT (Proprietor, partners, officers, directors and all holders of outstanding stock — 100% of ownership must be shown). Use separate sheet if necessary.

Name and Social Security Number	Complete Address	% Owned	*Military Service From	*Military Service To	*Race	*Sex
David Ashley 431-06-6613	1411 N. Jackson Magnolia, AR 71753	100%	6/73	7/77	B	M

* This data is collected for statistical purposes only. It has no bearing on the credit decision to approve or decline this application.

ASSISTANCE List the name(s) and occupation(s) of any who assisted in preparation of this form, other than applicant.

Name and Occupation	Address	Total Fees Paid	Fees Due
L.L. Kincaid UALR-ASBDC	Magnolia Field Office	- 0 -	- 0 -
Name and Occupation	Address	Total Fees Paid	Fees Due

Signature of Preparer if Other Than Applicant

THE FOLLOWING EXHIBITS MUST BE COMPLETED WHERE APPLICABLE. ALL QUESTIONS ANSWERED ARE MADE A PART OF THE APPLICATION.

For Guaranty Loans please provide an original and one copy (Photocopy is Acceptable) of the Application Form, and all Exhibits to the participating lender. For Direct Loans submit one original copy of application and Exhibits to SBA.

Submit SBA Form 1261 (Statements Required by Laws and Executive Orders). This form must be signed and dated by each Proprietor, Partner, Principal or Guarantor.

1. Submit SBA Form 912 (Personal History Statement) for each person e.g. owners, partners, officers, directors, major stockholders, etc.; the instructions are on SBA Form 912.

2. Furnish a signed current personal balance sheet (SBA Form 413 may be used for this purpose) for each stockholder (with 20% or greater ownership), partner, officer, and owner. Social Security number should be included on personal financial statement. Label this Exhibit B.

3. Include the statements listed below: 1, 2, 3 for the last three years; also 1, 2, 3, 4 dated within 90 days of filing the application; and statement 5, if applicable. This is Exhibit C (SBA has Management Aids that help in the preparation of financial statements.) All information must be signed and dated.

1. Balance Sheet
2. Profit and Loss Statement
3. Reconciliation of Net Worth
4. Aging of Accounts Receivable and Payable
5. Earnings projections for at least one year where financial statements for the last three years are unavailable or where requested by District Office.
   (If Profit and Loss Statement is not available, explain why and substitute Federal Income Tax Forms.)

4. Provide a brief history of your company and a paragraph describing the expected benefits it will receive from the loan. Label it Exhibit D.

ALL EXHIBITS MUST BE SIGNED AND DATED BY PERSON SIGNING THIS FORM.

5. Provide a brief description of the educational, technical and business background for all the people listed under Management. Please mark it Exhibit E.

6. Do you have any co-signers and/or guarantors for this loan? If so, please submit their names, addresses and personal balance sheet(s) as Exhibit F.

7. Are you buying machinery or equipment with your loan money? If so, you must include a list of the equipment and cost as quoted by the seller and his name and address. This is Exhibit G.

8. Have you or any officers of your company ever been involved in bankruptcy or insolvency proceedings? If so, please provide the details as Exhibit H. If none, check here: ☐ Yes ☒ No

9. Are you or your business involved in any pending lawsuits? If yes, provide the details as Exhibit I. If none, check here: ☐ Yes ☒ No

10. Do you or your spouse or any member of your household, or anyone who owns, menages, or directs your business or their spouses or members of their households work for the Small Business Administration, Small Business Advisory Council, SCORE or ACE, any Federal Agency, or the participating lender? If so, please provide the name and address of the person and the office where employed. label this Exhibit J. If none, check here: ☐ Yes ☒ No

11. Does your business, its owners or majority stockholders own or have ê controlling interest in other businesses? If yes, please provide their names and the relationship with your company along with a current balance sheet and operating statement for each. This should be Exhibit K.

12. Do you buy from, sell to, or use the services of any concern in which someone in your company has a significant finencial interest? If yes, provide details on a separate sheet of paper labeled Exhibit L.

13. If your business is a franchise, include a copy of the franchise egreement and a copy of the FTC disclosure statement supplied to you by the Franchisor. Please include it as Exhibit M.

CONSTRUCTION LOANS ONLY

14. Include e separate exhibit (Exhibit N) the estimated cost of the project and e statement of the source of any additional funds.

15. File the necessary compliance document (SBA Form 601).

16. Provide copies of preliminary construction plans and specifications. Include them as Exhibit O. Final plans will be required prior to disbursement.

DIRECT LOANS ONLY

17. Include two bank declination letters with your application. These letters should include the name and telephone number of the persons contacted at the banks, the amount and terms of the loan, the reason for decline and whether or not the bank will participate with SBA. In cities with 200,000 people or less, one letter will be sufficiant.

EXPORT LOANS

18. Does your business presently engage in Export Trade?
Check here ☐ Yes ☒ No

19. Do you plan to begin exporting as e result of this loan?
Check here ☐ Yes ☒ No

20. Would you like information on Exporting?
Check here ☐ Yes ☒ No

AGREEMENTS AND CERTIFICATIONS

Agreements of Nonemploymant of SBA Personnel: I/We egree that if SBA epproves this loan application I/We will not, for at least two years, hire as en employee or consultant anyone that was employed by the SBA during the one year period prior to the disbursement of the loan.

Certification: I/We certify: (a) I/We have not paid anyone connected with the Federal Government for help in getting this loan. I/We also egree to report to the SBA office of the Inspector General, 1441 L Street N.W., Washington, D.C. 20416 any Federal Government employee who offers, in return for any type of compensation, to help get this loan approved.

(b) All information in this application and the Exhibits are true and complete to the best of my/our knowledge and are submitted to SBA so SBA can decide whether to grant a loan or participate with a lending institution in a loan to me/us. I/We agree to pay for or reimburse SBA for the cost of any surveys, title or mortgage examinations, appraisals etc., performed by non-SBA personnel provided I/We have given my/our consent.

I/We understand that I/We need not pay anybody to deal with SBA. I/We have read and understand Form 394 which explains SBA policy on representatives and their fees.

If you make a statement that you know to be false or if you over value a security in ordar to help obtain a loan under the provisions of the Small Business Act, you can be fined up to $5,000 or be put in jail for up to two years, or both.

If Applicant is a proprietor or general partner, sign below:

By: _____ Date

If Applicant is a Corporation, sign below:

Rainbow Motor Co., Inc. 12/22/90
Corporate Name and Seal Date

By: David L. Kelley
Signature of President

Attested by: _____
Signature of Corporate Secretary

ALL EXHIBITS MUST BE SIGNED AND DATED BY PERSON SIGNING THIS FORM.

SBA Form 4 (2-85) Previous Editions Obsolete
*U.S GPO 1988-0-823 058-261

Certification Regarding
Debarment, Suspension, Ineligibility and Voluntary Exclusion
Lower Tier Covered Transactions

This certification is required by the regulations implementing Executive Order 12549, Debarment and Suspension, 13 CFR Part 145. The regulations were published as Part VII of the May 26, 1988 *Federal Register* (pages 19160-19211). Copies of the regulations may be obtained by contacting the person to which this proposal is submitted.

(BEFORE COMPLETING CERTIFICATION, READ INSTRUCTIONS ON REVERSE)

(1) The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.

(2) Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

Business Name Rainbow Motor Company, Inc.

Date 12/22/90 By David L. Ashley, President
Name and Title of Authorized Representative

Signature of Authorized Representative

SBA Temporary Form 1624 (10-88) (NTE S-31-89)

Certification Pursuant to Immigration and Nationality Act As Amended by the Immigration Reform and Control Act of 1986 (Pub. L. 99-603)

Information and Instruction: If you are an alien who was in this country illegally since before January 1, 1982, you may have been granted lawful temporary resident status by the United States Immigration and Naturalization Service pursuant to the Immigration Reform and Control Act of 1986 (Pub. L. 99-603). For five years from the date you are granted such status you are not eligible for financial assistance from the Small Business Administration (SBA) in the form of a loan or guaranty under section 7(a) of the Small Business Act unless you are disabled or a Cuban or Haitian entrant. If you sign the certification below, you are stating that the Immigration Reform and Control Act of 1986 does not apply to you, or if it does apply, more than five years have elapsed since you have been granted lawful temporary resident status pursuant to such 1986 legislation.

Certification: In connection with this application for financial assistance from the SBA, under section 7 (a) of the Small Business Act, I/We hereby certify that I/We are not ineligible for such assistance because of the Immigration Reform and Control Act of 1986.

DATE: 12/22/90

Rainbow Motor Company, Inc.

David L. Ashley, Preident

Note: If you make a false certification in order to obtain a loan or guaranty under the provisions of section 7(a) of the Small Business Act, you can be fined up to $5,000 or be imprisoned for up to two years, or both.

SBA Form 1261A (8-89)

U S GPO 1988-523-790

OMB APPROVAL NO 3245-0178
Expiration Date 5 31 90

Return Executed Copies 1 2 and 3 to SBA

United States of America

SMALL BUSINESS ADMINISTRATION

STATEMENT OF PERSONAL HISTORY

Please Read Carefully - Print or Type

Each member of the small business concern requesting assistance or the development company must submit this form in TRIPLICATE for filing with the SBA application. This form must be filled out and submitted by

1 - If a sole proprietorship by the proprietor
2 If a partnership by each partner
3 If a corporation or a development company by each officer director and additionally by each holder of 20% or more of the voting stock
4 Any other person including a hired manager, who has authority to speak for and commit the borrower in the management of the business

Name and Address of Applicant (Firm Name) (Street City, State and ZIP Code)

Rainbow Motor Company, Inc.
Hwy. 79B
Magnolia, AR 71753

SBA District Office and City

Amount Applied for
270,000

1 Personal Statement of (State name in full; if no middle name state (NMN), or if initial only indicate initial). List all former names used, and dates each name was used. Use separate sheet if necessary

First	Middle	Last
David	Lynn	Ashley

2 Date of Birth (Month, day and year)
9/2/55

3 Place of Birth (City & State or Foreign Country)
Benton, AR

U.S. Citizen? [X] YES [ ] NO
If no, give alien registration number
#

4 Give the percentage of ownership or stock owned or to be owned in the small business concern or the Development Company
100%

Social Security No
431-06-6613

5 Present residence address — From: 9/90 — To: Present — Address: 1411 N. Jackson, Magnolia, AR 71753

Home Telephone No (Include A/C)
501-234-4828

Business Telephone No (Include A/C)
501-234-2334

Immediate past residence address — From: 12/85 — To: 9/90 — Address: 3617 Bowers Dr. Little Rock, AR 72204

BE SURE TO ANSWER THE NEXT 3 QUESTIONS CORRECTLY BECAUSE THEY ARE IMPORTANT.

THE FACT THAT YOU HAVE AN ARREST OR CONVICTION RECORD WILL NOT NECESSARILY DISQUALIFY YOU. BUT AN INCORRECT ANSWER WILL PROBABLY CAUSE YOUR APPLICATION TO BE TURNED DOWN.

6 Are you presently under indictment, on parole or probation?

[ ] Yes [X] No If yes, furnish details in a separate exhibit. List name(s) under which held, if applicable

7 Have you ever been charged with or arrested for any criminal offense other than a minor motor vehicle violation?

[ ] Yes [X] No If yes, furnish details in a separate exhibit. List name(s) under which charged, if applicable

8 Have you ever been convicted of any criminal offense other than a minor motor vehicle violation?

[ ] Yes [X] No If yes, furnish details in a separate exhibit. List name(s) under which convicted, if applicable

9 Name and address of participating bank
First National Bank of Magnolia
P.O. Box 400
Magnolia, AR 71753

The information on this form will be used in connection with an investigation of your character. Any information you wish to submit, that you feel will expedite this investigation should be set forth

Whoever makes any statement knowing it to be false, for the purpose of obtaining for himself or for any applicant, any loan, or loan extension by renewal, deferment or otherwise, or for the purpose of obtaining, or influencing SBA toward, anything of value under the Small Business Act, as amended, shall be punished under Section 16(a) of that Act, by a fine of not more than $5000, or by imprisonment for not more than 2 years, or both.

Signature	Title	Date
[signature]	President	12/22/89

It is against SBA's policy to provide assistance to persons not of good character and therefore consideration is given to the qualities and personality traits of a person favorable and unfavorable, relating thereto, including behavior, integrity, candor and disposition toward criminal actions. It is also against SBA's policy to provide assistance not in the best interests of the United States, for example, if there is reason to believe that the effect of such assistance will be to encourage or support, directly or indirectly, activities inimical to the Security of the United States. Anyone concerned with the collection of this information, as to its volunteriness, disclosure or routine uses may contact the FOIA Office 1441 "L" Street, N.W., and a copy of SBA Agency Collection of Information from SOP 40 04 will be provided

SBA FORM 912 (5-87) SOP 9020 USE 6-85 EDITION UNTIL EXHAUSTED

1. SBA FILE COPY

U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

Honorable Kweisi Mfume
Chairman
Subcommittee on Minority Enterprise,
Finance and Urban Development
Committee on Small Business
House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

This letter is in response to your request for information from Joseph Foglia, District Director of the U.S. Small Business Administration's (SBA) Little Rock, Arkansas District Office, at the field hearing in Pine Bluff, Arkansas. Foglia testified before your subcommittee on October 29, 1993 for the SBA on minority entrepreneurs' access to credit.

Following is a detailed response to your questions about the SBA's 7(a) Guaranteed Business Loan Program, pilot Microloan Demonstration Program and small business statistics for the ten year period from 1983 to 1993 for Region VI.

7(A) GUARANTEED BUSINESS LOAN PROGRAM:

QUESTION

The number of 7(a) loan applications denied in Region VI.

ANSWER

As you can see from Attachment I, during Fiscal Year (FY) 1993, the SBA denied a total of 599 7(a) loan applications in Region VI (551 for loan guarantees and 48 for direct loans). The SBA does not gather information on the number of small business loans denied by banks, only those that are sent to the Agency for loan guarantees. Currently, there is no federal requirement for banks or lenders to provide the SBA with information on loan inquiries or their denials for small business loans.

QUESTION

A breakdown of the number of 7(a) loans denied by ethnicity in Region VI.

ANSWER

The data for FY 1993 was retained and has been ordered from the SBA's Office of Information Resources Management (OIRM). It will take OIRM approximately a week to retrieve this information from SBA's computer mainframe. As soon as the report is ready, a copy will be forwarded to you.

QUESTION

The number of 7(a) business bankruptcies and failures for the ten year period from 1983 to 1993.

ANSWER

While the SBA does not maintain records on 7(a) business loan failures including bankruptcies, it does keep track of the number of loans that it charges off. A charge-off is the total accumulated debt that is still owed to the SBA that has been determined uncollectible. Attachment II lists the number of loan charge-offs for fiscal years 1983 through 1993 by region, while Attachment III lists the charge-off principals by region on these loans for the same period.

MICROLOAN DEMONSTRATION PROGRAM:

QUESTION

The number of microborrower loan applications denied by intermediaries in Region VI.

ANSWER

Currently, the SBA does not require intermediaries to provide information on its loan application denials. To respond to your inquiry, the SBA's Office of Financing contacted the intermediaries in Region VI and asked for this data. Attachment IV was developed from

this inquiry. It shows the denied microborrower loan applications by state, the number of loans made to microborrowers and a percentage of the ratio of loans denied to loans made.

While the report is probably a good indication of loan application denials, it should not be viewed as an accurate statistical depiction of the region for two very important reasons:

First, the intermediaries are not required to retain loan denial statistics such as number of loans denied, gender or ethnic identification of entrepreneurs, or business owners who have been denied loans. Thus, in some cases the spreadsheet reflects an estimate or "best recollection" by the intermediaries, and is not based on actual historical data.

Second, the intermediaries describe their loan denials as heavier in the beginning of their participation in the program. They attribute this to more ineligible applicants applying at the outset. In Region VI, the intermediaries in two of the five states are all new to the program and two of the three intermediaries are new in one state. Additionally, applicants who have been turned down are moved into technical assistance tracks with the assumption that, as their skills and capabilities improve, they will become eligible for microloans in the future.

QUESTION

An ethnicity breakdown of the microborrower loan applications denied by intermediaries in Region VI.

ANSWER

The SBA does not require intermediaries to keep statistics on either loan denials (as explained in detail above) or the ethnicity of microborrowers on loan denials. It is not possible to retrieve this information from the intermediaries, since it wasn't captured.

QUESTION

An ethnicity breakdown of the microborrowers that received loans from intermediaries in Region VI.

ANSWER

Enclosed is a chart (Attachment V) that shows the total number of microloans made in each state for Region VI and the percentage of loans that were made to eight ethnic groups. In Arkansas, a total of 71 microloans were approved. To break this down even further, 46.5 percent of the loans were made to whites, 45.0 percent were made to African-Americans and 2.8 percent were made to Native Americans. 5.6 percent of the loans were unreported with regard to ethnicity.

QUESTION

The number of bankruptcies and failures in the Microloan program.

ANSWER

To date, there is only one reported business failure in the Microloan program. It was to a man in Mississippi who received a total loan amount of $1,800. The intermediaries in Region VI have not reported any business failures or bankruptcies. Because the Microloan program is relatively new, this may not be an accurate indication of future losses. In fact, the first SBA loans to intermediaries were not made until August of 1992, when they in turn, made their first loans to microborrowers.

QUESTION

A listing of the industry classifications for microloans approved by intermediaries in Region VI.

ANSWER

Currently, Standard Industrial Classification (SIC) codes for the Microloan program are tracked by the SBA on a nationwide basis, as opposed to a regional basis. The SBA is expecting to implement new statistical software enabling regional studies on SIC codes to be conducted in the near future. Attached is a chart (Attachment VI) compiled by the Office of Financing

that lists the national SIC codes for the Microloan program as of November 1, 1993.

SMALL BUSINESS STATISTICS:

QUESTION

The number of new business incorporations in Region VI from 1983 to 1993.

ANSWER

Enclosed is a table (Attachment VII) from a report prepared by SBA's Office of Advocacy, "Small Business Economic Indicators January - December (1992)," that lists the number of new business incorporations, by SBA Region and state, for 1982 through 1992. Additionally, there is a listing of new business corporations for the period from January to June of 1993, which is the most recent data available. (Attachment VIII).

QUESTION

The number of business bankruptcies and failures in Region VI for 1983 through 1993.

ANSWER

The following information is also from the Office of Advocacy's report, "Small Business Economic Indicators January - December (1992)". Attachment IX lists the number of business bankruptcies by SBA Region and state for 1982 to 1992. Region VI bankruptcies have been highlighted.

Further, attachment X lists the number of business failures by SBA Region and state for 1985 to 1992. This information was not captured prior to 1985. Also included is a list of the number of business failures

by SBA Region and state for January to June of 1993, which is the most recent data available. (Attachment XI). Region VI has been highlighted in both of these reports.

QUESTION

The top five predominant industries in Region VI by state.

ANSWER

The final enclosure (Attachment XII) lists the top five industries for each of the states in Region VI by employment and includes a breakdown of the number of jobs, a percentage of the total employment, and the industry's rank by state.

I hope this letter responds to all of your questions concerning small business loans in SBA's Region VI. The SBA wants to do everything it can to assist you in your endeavors to assure adequate access to credit for minority entrepreneurs. Please let me know if I may be of further assistance to you or your staff.

Sincerely,

Kris Swedin

Kris Swedin
Assistant Administrator for
Congressional and Legislative
Affairs

ATTACHMENT I

REGION VI

BUSINESS LOAN APPLICATIONS STATUS REPORT
FOR PERIOD
YEAR: 1992-1993 MONTH: SEPTEMBER

DESCRIPTION	STATUS	<---- YEAR ----> NUMBER	AMOUNTS	<-CURRENT MONTH-> NUMBER	AMOUNTS	<++++++++++++ MISCELLANEOUS YTO STATISTICS ++++++++++++> <--DIRECT LOAN--> NUMBER	AMOUNTS	<GUARANTEED LOAN> NUMBER	AMOUNTS	<--OTHER LOANS--> NUMBER	AMOUNTS
PRIOR YEAR PENDING APPLICATIONS:											
APPLICATIONS ON HAND:	ATS CODE	8	1,223	0	0	3	530	5	693	0	0
ACTIONS:											
IN SCREENING:	1	0	0	0	0	0	0	0	0	0	0
*SCREENED OUT:	2	1	15	0	0	1	15	0	0	0	0
APPROVED:	6	3	445	0	0	1	255	2	190	0	0
DECLINED:	7	3	575	0	0	1	230	2	345	0	0
** WITHDRAWN:	8	1	158	0	0	0	0	1	158	0	0
IN PROCESSING:	3,4,5	0	0	0	0	0	0	0	0	0	0
CURRENT FISCAL YEAR APPLICATIONS:											
APPLICATIONS ACCEPTED:	ATS CODE	6,258	1,628,095	590	145,541	181	18,049	6,076	1,609,896	1	150
ACTIONS:											
IN SCREENING:	1	60	16,159	53	12,545	3	235	57	15,924	0	0
SCREENED OUT:	2	598	149,539	27	5,301	61	6,239	536	143,150	1	150
APPROVED:	6	4,048	1,019,516	356	83,748	36	2,842	4,012	1,016,674	0	0
DECLINED:	7	599	160,460	48	12,676	48	4,053	551	156,407	0	0
WITHDRAWN:	8	888	252,398	42	14,035	32	4,220	856	248,178	0	0
IN PROCESSING:	3,4,5	65	16,836	64	16,491	1	10	64	16,826	0	0
APPLICATIONS PENDING:	1,3,4,5	125	32,994	117	29,036	4	245	121	32,749	0	0
TOTAL APPLICATIONS PENDING:											
APPLICATIONS PENDING:	1,3,4,5	125	32,994	117	29,036	4	245	121	32,749	0	0

**** PLEASE NOTE: DOLLAR AMOUNTS ARE IN THOUSANDS ****

PAGE: VI-0600-7

NOTE: * Screened out loans are ones that the SBA has received, but all significant forms that are necessary for processing the loan applications were not available.

** Withdrawn are loan applications that a applicant or lender requests removed from consideration by the SBA.

ATTACHMENT II

CHARGED OFF LOANS - FISCAL YEARS 1983-1993

NO. OF LOANS

REGIONS	YEARS	1983	1984	1985	1986	1987	1988
1		455	410	310	292	267	218
2		749	509	542	490	475	458
3		577	506	455	302	370	365
4		834	663	705	535	471	408
5		1044	964	898	863	823	783
6		941	846	799	776	992	1009
7		609	578	611	684	781	627
8		306	423	431	461	499	497
9		455	607	676	673	629	486
10		278	261	233	251	288	217
TOTALS		6248	5767	5660	5327	5595	5068

	1989	1990	1991	1992	1993	TOTALS
	194	189	197	264	220	3016
	344	378	338	382	301	4966
	257	200	169	180	97	3478
	374	405	423	584	379	5781
	733	554	530	608	428	8228
Region VI	906	764	668	618	425	8744
	545	564	505	373	273	6150
	446	326	312	251	240	4192
	460	319	217	285	358	5165
	284	176	153	166	121	2428
	4543	3875	3512	3711	2842	52148

ATTACHMENT I_{II}

CHARGED OFF LOANS - FISCAL YEARS 1983-1993

CHARGED OFF PRINCIPAL

REGIONS	YEARS	1983	1984
	1	23,834,379.46	21,964,427.59
	2	39,515,423.95	30,955,254.13
	3	37,542,350.90	38,265,790.20
	4	48,655,854.53	42,946,448.01
	5	71,231,976.48	73,824,108.72
	6	51,367,377.16	55,324,460.38
	7	36,534,352.49	33,477,811.22
	8	16,352,894.53	25,543,459.11
	9	27,186,110.97	47,558,210.91
	10	17,130,861.28	17,412,511.27
TOTALS		369,351,581.75	387,272,481.54

1985	1986	1987	1988
20,941,763.06	19,308,375.58	18,624,197.02	14,723,833.02
32,756,527.55	25,411,128.82	26,863,312.02	27,203,255.63
34,407,699.13	27,352,992.40	29,243,491.74	30,281,151.50
49,984,553.69	46,046,982.45	35,357,721.65	30,986,485.20
78,309,736.00	76,236,617.37	77,527,148.45	77,035,184.80
58,086,393.11	56,738,238.54	80,074,615.07	87,595,034.12
37,844,943.12	47,073,274.32	59,452,805.13	47,561,757.48
28,452,219.89	33,435,851.50	39,744,466.88	41,008,894.13
46,821,393.17	57,541,051.06	57,259,032.75	46,075,211.93
17,006,285.96	18,506,640.46	24,262,471.20	20,973,663.85
404,611,514.68	407,651,152.50	448,409,261.91	423,444,471.66

1989	1990	1991	1992
13,193,191.34	13,495,375.79	14,401,653.62	22,934,148.24
17,093,429.98	23,976,275.02	23,726,288.43	28,737,102.55
21,977,090.11	18,610,993.71	15,204,235.84	17,572,548.04
31,490,410.50	34,167,052.02	43,295,937.00	63,667,150.80
70,291,954.96	55,416,675.17	53,918,735.49	64,924,830.02
82,028,965.09	74,826,882.27	73,368,525.05	64,979,094.73
40,042,620.48	40,635,726.15	40,717,614.02	24,296,551.14
37,844,511.89	28,461,739.69	28,874,852.14	19,338,907.98
44,400,216.78	27,520,777.75	18,080,936.03	26,301,604.55
29,970,404.87	19,215,651.83	11,533,465.75	18,243,101.67
388,332,796.00	336,327,149.40	323,122,243.37	350,995,039.72

Attachment IV

Microloan Applications Denied
Region Six
November 2, 1993

State	AR	LA	NM	OK	TX	Region
No. Denied	4	8	8	1	53	74
No. Made	71	5	21	1	36	134
Ratio Denied/Made	5.63%	160.00%	38.10%	100.00%	147.22%	55.22%

Attachment V

Ethnicity Breakdown for Microloans Made in Region VI

Ethnic Group	AR	LA	OK	NM	TX	Region
Loans Made	71	5	1	21	36	134
Black						
Number	32	1	0	0	18	51
Percent	45.07%	20.00%	0	0	50.00%	38.06%
Hispanic						
Number	0	0	0	3	4	7
Percent	0	0	0	14.29%	11.11%	5.22%
White						
Number	33	4	1	13	12	63
Percent	46.48%	80.00%	100.00%	61.90%	33.33%	47.01%
Puerto Rican						
Number	0	0	0	0	0	0
Percent	0	0	0	0	0	0.00%
Asian/Pac.Is.						
Number	0	0	0	0	0	0
Percent	0	0	0	0	0	0.00%
Multi Group						
Number	0	0	0	2	0	2
Percent	0	0	0	9.52%	0	1.49%
Native Amer.						
Number	2	0	0	3	2	7
Percent	2.82%	0	0	14.29%	5.56%	5.22%
Eskimo/Aleut						
Number	0	0	0	0	0	0
Percent	0	0	0	0	0	0.00%
Unreported						
Number	4	0	0	0	0	4
Percent	5.63%	0	0	0	0	2.99%
Total No	71	5	1	21	36	134
Total Percent	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Attachment VI

Microloan SIC Code Information October 31, 1993
Nationwide Statistics

Code	Name	Number	%of Total	% of Total Per Major Group
CLASSIFIED MANUFACTURING				
20	Food and Kindred Products			1.90%
2011		2	0.27%	
2021		1	0.14%	
2032		1	0.14%	
2033		1	0.14%	
2051		4	0.54%	
2064		2	0.27%	
2075		1	0.14%	
2099		2	0.27%	
22	Textile Mill Products			0.41%
2246		1	0.14%	
2251		1	0.14%	
2253		1	0.14%	
23	Apparel & Oth Textile Prod			1.90%
2335		1	0.14%	
2339		3	0.41%	
2341		1	0.14%	
2343		1	0.14%	
2389		2	0.27%	
2392		2	0.27%	
2394		1	0.14%	
2396		2	0.27%	
2399		1	0.14%	
24	Lumber & Wood Prod, Excpt Furniture			0.95%
2411		3	0.41%	
2421		1	0.14%	
2434		1	0.14%	
2499		2	0.27%	
25	Furniture and Fixtures			1.36%
2511		4	0.54%	
2512		1	0.14%	
2514		1	0.14%	
2519		1	0.14%	
2541		1	0.14%	
2542		1	0.14%	
2589		1	0.14%	
26	Paper and Allied Products			0.14%
2671		1	0.14%	

27	Printing/Pub/Allied Ind.			1.36%
2721		1	0.14%	
2731		3	0.41%	
2741		1	0.14%	
2752		1	0.14%	
2759		1	0.14%	
2771		1	0.14%	
2789		1	0.14%	
2791		1	0.14%	
28	Chemicals & Allied Products			0.14%
2844		1	0.14%	
30	Rubber & Misc Plastics			0.14%
3089		1	0.14%	
32	Stone,Clay, and Glass Prod			0.95%
3229		1	0.14%	
3231		1	0.14%	
3253		1	0.14%	
3269		3	0.41%	
3299		1	0.14%	
33	Primary Metal			0.41%
3363		3	0.41%	
34	Fabricated Metal Products			0.68%
3443		1	0.14%	
3479		2	0.27%	
3481		1	0.14%	
3490		1	0.14%	
35	Industrial Mach and Equip			1.36%
3533		0	0.00%	
3541		1	0.14%	
3553		1	0.14%	
3559		3	0.41%	
3577		3	0.41%	
3599		2	0.27%	
36	Electronic & oth Elec Equip			0.82%
3645		1	0.14%	
3651		1	0.14%	
3671		1	0.14%	
3672		1	0.14%	
3698		1	0.14%	
3699		1	0.14%	
37	Transportation Equipment			
3731		2	0.27%	0.54%
3732		2	0.27%	
38	Instruments and Related Prod			0.41%
3823		1	0.14%	

3842		1	0.14%	
3851		1	0.14%	
39	Misc Manufacturing Indus			2.04%
3900		1	0.14%	
3911		3	0.41%	
3931		2	0.27%	
3944		1	0.14%	
3990		1	0.14%	
3993		1	0.14%	
3999		6	0.82%	
	Total Manufacturing	114	15.49%	
CLASSIFIED WHOLESALE TRADE				
50	Whlsale Trd-Durable Gds			2.99%
5015		1	0.14%	
5021		1	0.14%	
5023		1	0.14%	
5041		1	0.14%	
5047		2	0.27%	
5051		1	0.14%	
5063		4	0.54%	
5064		1	0.14%	
5072		1	0.14%	
5084		2	0.27%	
5085		2	0.27%	
5087		1	0.14%	
5092		1	0.14%	
5093		1	0.14%	
5094		1	0.14%	
5099		1	0.14%	
51	Whlsale Trd-Nondurable Gds			1.36%
513		1	0.14%	
5112		2	0.27%	
5137		2	0.27%	
5141		2	0.27%	
5146		1	0.14%	
5149		1	0.14%	
5193		1	0.14%	
	Total Wholesale	32	4.35%	
CLASSIFIED RETAIL TRADE				
52	Building Materials			0.41%
5211		3	0.41%	
53	General Merchandise			0.41%
5331		3	0.41%	

54	Food Stores			2.58%
5411		7	0.95%	
5416		1	0.14%	
5421		1	0.14%	
5431		2	0.27%	
5461		4	0.54%	
5497		1	0.14%	
5499		3	0.41%	
55	Auto Dealers & Service Stations			0.27%
5531		1	0.14%	
5599		1	0.14%	
56	Apparel & Accessory Stores			2.85%
5621		5	0.68%	
5632		3	0.41%	
5635		0	0.00%	
5641		2	0.27%	
5651		1	0.14%	
5661		1	0.14%	
5699		9	1.22%	
57	Furniture & Homefurn Stores			2.31%
5712		2	0.27%	
5714		2	0.27%	
5719		1	0.14%	
5722		3	0.41%	
5731		1	0.14%	
5734		4	0.54%	
5735		3	0.41%	
5736		1	0.14%	
58	Eating and Drinking Places			4.35%
5812		31	4.21%	
5813		1	0.14%	
59	Miscellaneous Retail			10.73%
5914		1	0.14%	
5932		1	0.14%	
5941		4	0.54%	
5942		3	0.41%	
5943		2	0.27%	
5944		4	0.54%	
5945		3	0.41%	
5947		8	1.09%	
5948		1	0.14%	
5961		1	0.14%	
5963		14	1.90%	
5992		7	0.95%	
5995		2	0.27%	
5999		28	3.80%	
	Total Retail	176	23.91%	

CLASSIFIED SERVICE BUSINESSES

70	Hotels, Rooming Houses, Camps, Etc.		0.14%
7011	1	0.14%	
72	Personal Services		6.79%
7211	3	0.41%	
7215	2	0.27%	
7217	3	0.41%	
7219	2	0.27%	
7221	5	0.68%	
7231	19	2.58%	
7241	2	0.27%	
7261	2	0.27%	
7286	1	0.14%	
7291	1	0.14%	
7299	10	1.36%	
73	Business Services		7.61%
7311	2	0.27%	
7319	1	0.14%	
7322	2	0.27%	
7334	1	0.14%	
7335	2	0.27%	
7336	3	0.41%	
7338	4	0.54%	
7342	1	0.14%	
7349	7	0.95%	
7359	1	0.14%	
7361	2	0.27%	
7371	5	0.68%	
7372	3	0.41%	
7373	2	0.27%	
7374	2	0.27%	
7379	3	0.41%	
7381	1	0.14%	
7384	1	0.14%	
7389	11	1.49%	
7390	2	0.27%	
75	Auto Repair/Svcs/Parking		2.31%
7532	6	0.82%	
7536	1	0.14%	
7538	6	0.82%	
7542	3	0.41%	
7549	1	0.14%	
76	Misc Repair Svcs		1.49%
7623	2	0.27%	
7629	1	0.14%	
7682	1	0.14%	
7692	1	0.14%	

7699		6	0.82%	
78	Motion Pictures			0.68%
7810		1	0.14%	
7812		2	0.27%	
7841		1	0.14%	
7880		1	0.14%	
79	Amusement and Rec Svcs			2.04%
7922		1	0.14%	
7933		0	0.00%	
7980		1	0.14%	
7991		3	0.41%	
7996		1	0.14%	
7999		9	1.22%	
80	Health Svcs			1.22%
8021		1	0.14%	
8049		1	0.14%	
8051		1	0.14%	
8071		1	0.14%	
8074		1	0.14%	
8082		1	0.14%	
8099		3	0.41%	
81	Legal Svcs			1.36%
8110		2	0.27%	
8111		8	1.09%	
83	Social Svcs			2.45%
8300		1	0.14%	
8315		0	0.00%	
8322		2	0.27%	
8351		14	1.90%	
8399		1	0.14%	
87	Engineering and Mngmnt Svcs			1.77%
8712		1	0.14%	
8714		1	0.14%	
8721		1	0.14%	
8731		1	0.14%	
8734		1	0.14%	
8741		3	0.41%	
8742		5	0.68%	
88	Private Households			0.68%
8811		4	0.54%	
8896		1	0.14%	
89	Miscellaneous Services			1.22%
8911		1	0.14%	
8980		2	0.27%	
8999		6	0.82%	
8				

	Total Services	219	29.76%	
CLASSIFIED OTHER				
1	Ag Production-Crops			0.27%
161		2	0.27%	
2	Ag Production-stock/animals			0.27%
214		1	0.14%	
219		1	0.14%	
7	Agri Services			1.36%
781		4	0.54%	
782		6	0.82%	
8	Forestry			0.27%
851		1	0.14%	
877		1	0.14%	
9	Fishing/Hunting/Trapping			0.27%
913		1	0.14%	
919		1	0.14%	
14	Mining & Quarrying/Nonmetallic Minerals, Except Fuels			0.14%
1499		1	0.14%	
15	Building Construction			1.09%
1521		6	0.82%	
1522		1	0.14%	
1541		1	0.14%	
16	Heavy Construction-not bldgs			0.41%
1600		1	0.14%	
1611		1	0.14%	
1634		1	0.14%	
17	Special Trade Contractors			2.58%
1711		6	0.82%	
1721		2	0.27%	
1731		2	0.27%	
1751		2	0.27%	
1752		2	0.27%	
1761		1	0.14%	
1771		1	0.14%	
1794		1	0.14%	
1795		1	0.14%	
1798		1	0.14%	
41	Local/Interurban Psngr Trns			1.22%
4119		5	0.68%	
4121		2	0.27%	
4142		2	0.27%	

42	Trucking & Warehousing			0.54%
4213		4	0.54%	
45	Transporation by Air			0.14%
4581		1	0.14%	
46	Pipelines- not natural gas			0.27%
4644		2	0.27%	
47	Transportation Services			0.68%
4722		1	0.14%	
4724		1	0.14%	
4731		2	0.27%	
4789		1	0.14%	
48	Communications			0.27%
4812		1	0.14%	
4825		1	0.14%	
63	Insurance Carriers			0.14%
6321		1	0.14%	
64	Insur Agnts,Brokers, & Svcs			0.82%
6411		6	0.82%	
65	Real Estate			
6512		1	0.14%	0.27%
6531		1	0.14%	
	Total Other	81	11.01%	

SUMMARY SIC CODE DATA

Total Manufacturing	114	15.49%
Total Wholesale	32	4.35%
Total Retail	176	23.91%
Total Service	219	29.76%
Total Other	81	11.01%
Information Not Provided	114	15.49%
Total SIC Counted	622	84.51%
Total Microloans Made	736	100.00%

Table 11 Number of Business Incorporations, by SBA Region and State, 1982-1992 (Thousands)											
Region/State	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
U.S. Total	567	600	635	662	702	686	685	677	648	629	667
Region I	26.5	28.7	32.0	37.9	42.0	42.0	40.3	35.3	31.4	28.9	28.7
Connecticut	7.3	7.7	8.1	11.2	12.5	12.1	11.9	10.4	9.1	8.5	7.3
Maine	1.8	2.1	2.2	2.6	3.1	3.2	3.1	2.8	2.4	2.3	2.4
Massachusetts	11.8	12.6	14.2	15.8	17.3	17.2	16.4	14.1	12.5	11.7	12.2
New Hampshire	2.0	2.3	2.8	3.5	3.9	3.7	3.4	2.9	2.7	2.4	2.6
Rhode Island	2.3	2.5	2.8	3.1	3.5	3.7	3.4	3.3	3.0	2.5	2.6
Vermont	1.3	1.5	1.9	1.7	1.8	2.0	2.0	1.8	1.7	1.5	1.6
Region II	82	90	96	103	110	108	110	103	94	92	97.5
New Jersey	22.4	26.2	27.6	30.5	33.1	31.9	32.7	30.4	28.3	28.0	30.0
New York	59.7	64.2	68.6	72.1	76.9	76.3	77.7	73.4	65.6	63.8	67.5
Region III	63	68	72	78	89	92	93	93	88	85	89.2
Delaware	22.0	23.9	25.9	26.6	31.5	31.4	31.5	30.9	29.9	29.9	33.6
District of Columbia	1.7	2.8	2.1	2.2	2.3	2.3	2.3	2.3	2.3	2.3	2.3

Table 11 Number of Business Incorporations, by SBA Region and State, 1982-1992 (Thousands)--Continued

Region/State	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Maryland	10.4	9.6	11.2	14.2	16.0	16.4	16.9	17.3	16.7	16.5	17.2
Pennsylvania	13.4	14.6	15.9	17.7	20.2	21.4	21.8	22.2	19.4	17.3	16.9
Virginia	12.0	13.7	14.6	15.0	16.7	17.2	17.7	18.0	17.4	16.9	16.9
West Virginia	3.4	2.9	2.5	2.5	2.6	2.8	2.7	2.6	2.5	2.2	2.2
Region IV	104	115	126	134	141	142	139	145	144	142	152
Alabama	4.4	5.5	6.0	6.1	6.8	6.7	6.6	6.7	6.1	6.1	7.1
Florida	56.1	61.3	67.0	71.6	77.6	79.4	75.0	80.0	81.4	81.1	86.0
Georgia	12.5	14.6	17.7	17.3	17.6	18.1	18.7	18.8	18.9	18.1	21.0
Kentucky	6.0	6.4	7.5	7.9	7.7	6.7	7.0	6.9	6.7	6.8	7.2
Mississippi	3.5	3.2	2.9	3.2	3.1	3.8	3.8	3.7	3.4	3.6	3.8
North Carolina	9.6	11.2	11.1	11.8	12.7	12.3	12.8	13.2	12.4	11.9	12.6
South Carolina	4.0	4.7	5.7	7.1	6.2	6.3	6.2	6.9	7.2	5.7	6.2
Tennessee	7.5	7.9	7.7	8.7	9.3	9.1	8.5	8.5	8.3	8.3	8.5
Region V	82	87	94	91	95	94	99	101	98	94	102.8
Illinois	28.5	30.0	32.9	26.1	27.0	26.8	28.7	28.9	29.3	29.1	30.9

Table 11 Number of Business Incorporations, by SBA Region and State, 1982-1992 (Thousands)--Continued

Region/State	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Indiana	8.3	8.8	9.4	9.9	10.7	11.0	13.0	14.0	11.7	10.2	11.1
Michigan	17.2	18.5	19.5	21.9	22.9	21.8	22.6	22.5	22.2	20.1	24.7
Minnesota	7.4	8.2	9.1	9.2	9.7	9.4	9.5	9.6	9.7	9.6	10.0
Ohio	14.5	15.0	16.3	17.2	18.4	18.4	19.0	18.8	18.1	17.9	18.7
Wisconsin	6.2	6.3	6.6	6.4	6.5	6.2	6.3	7.0	7.3	7.0	7.3
Region VI	77	72	66	69	66	60	56	59	61	59	61.0
Arkansas	3.9	4.2	4.9	5.3	5.8	5.7	4.3	6.5	6.1	5.3	6.1
Louisiana	14.3	11.1	9.3	11.4	11.7	10.1	9.1	9.0	9.0	9.0	10.8
New Mexico	2.5	2.5	2.9	2.8	2.5	2.4	2.5	2.6	2.9	2.7	2.8
Oklahoma	13.6	10.1	5.5	8.1	7.6	7.6	7.2	7.2	7.2	7.1	7.2
Texas	42.2	43.9	43.0	41.4	38.8	34.6	32.5	34.0	35.5	34.6	34.0
Region VII	20	22	22	22	22	21	21	22	21	21	22.5
Iowa	4.2	4.4	4.0	4.1	4.2	3.8	3.8	4.6	4.4	4.5	4.9
Kansas	4.4	5.3	5.1	4.8	4.4	[illegible]	4.4	4.4	4.2	3.9	4.3
Missouri	8.6	9.6	10.0	10.2	11.2	10.3	10.3	10.0	9.8	9.5	10.0

Table 11 Number of Business Incorporations, by SBA Region and State, 1982-1992 (Thousands)--Continued

Region/State	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Nebraska	2.9	2.8	2.7	2.6	2.6	2.6	2.7	2.7	2.9	3.1	3.3
Region VIII	**20**	**21**	**23**	**22**	**24**	**22**	**24**	**21**	**21**	**23**	**25.3**
Colorado	11.8	12.8	14.2	14.2	15.9	14.5	16.2	13.4	12.3	13.6	14.9
Montana	1.6	1.5	1.6	1.4	1.5	1.4	1.3	1.3	1.5	1.6	1.9
North Dakota	1.0	0.9	1.0	0.9	0.9	1.0	0.9	0.8	0.9	0.8	1.0
South Dakota	0.8	1.0	1.0	0.9	1.0	1.0	1.0	1.0	1.1	1.0	1.2
Utah	3.6	4.1	4.0	3.7	3.9	3.8	3.8	3.9	4.1	5.0	4.6
Wyoming	1.4	1.2	1.1	1.0	1.0	0.8	0.8	0.9	1.2	1.4	1.7
Region IX	**74**	**77**	**85**	**86**	**92**	**85**	**83**	**75**	**65**	**61**	**62.5**
Arizona	9.6	10.7	12.1	12.9	12.5	11.9	12.4	11.6	10.1	9.8	9.1
California	53.7	55.4	61.0	61.2	67.2	59.7	56.4	48.2	39.1	36.6	37.0
Hawaii	2.6	2.5	2.8	3.0	2.8	3.2	3.2	3.8	3.8	3.8	3.8
Nevada	7.9	8.6	8.8	8.7	9.5	9.9	10.7	11.4	12.0	11.0	12.6
Region X	**19**	**20**	**20**	**20**	**20**	**19**	**21**	**22**	**24**	**23**	**24.9**
Alaska	2.5	2.5	2.5	2.1	1.7	1.5	1.4	1.4	1.3	1.3	1.5
Idaho	1.7	1.8	1.7	1.6	1.8	1.7	1.9	1.7	1.9	1.9	2.1

Table 11 Number of Business Incorporations, by SBA Region and State, 1982-1992 (Thousands)--Continued

Region/State	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Oregon	6.1	6.7	6.8	7.2	7.3	6.9	7.2	7.7	8.5	8.4	8.9
Washington	8.7	8.8	9.3	9.4	9.0	9.4	10.1	10.7	11.9	11.5	12.5

Note: A business incorporation is a business that files for organization as a corporation with the secretary of state in each jurisdiction; it may reflect an actual startup of a new business; an intention to start a new business; the conversion of an existing sole proprietorship or partnership to the corporate form; or the creation of a subsidiary of an existing corporation. Also, data are not seasonally adjusted.

Source: Adapted by the U.S. Small Business Administration, Office of Advocacy, from the Dun and Bradstreet Corporation, New Business Incorporations, various press releases.

ATTACHMENT VIII

New Business Incorporations by SBA Region and State
January-June 1992 to January-June 1993

	Jan-Jun 1992	Jan-Jun 1993	Percent Change	Rank
U.S. Total	344,983	365,894	6.1	
Region I	14,755	15,903	7.8	
Connecticut	3,606	4,107	13.9	8
Maine	1,257	1,408	12.0	11
Massachusetts	6,392	6,635	3.8	30
New Hampshire	1,323	1,415	7.0	21
Rhode Island	1,326	1,497	12.9	10
Vermont	851	841	-1.2	45
Region II	51,619	52,349	1.4	
New Jersey	16,240	15,695	-3.4	47
New York	35,379	36,654	3.6	31
Region III	46,223	47,874	3.6	
Delaware	17,141	18,709	9.1	14
District of Columbia	1,128	1,128	0.0	41
Maryland	8,996	9,017	0.2	40
Pennsylvania	9,017	8,834	-2.0	46
Virginia	8,766	8,948	2.1	36
West Virginia	1,175	1,238	5.4	26
Region IV	78,573	82,871	5.5	
Alabama	3,841	3,806	-0.9	43
Florida	43,536	46,307	6.4	23
Georgia	11,019	11,876	7.8	16
Kentucky	3,795	3,947	4.0	28
Mississippi	2,264	2,106	-7.0	51
North Carolina	6,384	6,844	7.2	20
South Carolina	3,280	3,473	5.9	25
Tennessee	4,454	4,512	1.3	37
Region V	52,449	58,026	10.6	
Illinois	15,386	16,115	4.7	27
Indiana	5,718	5,920	3.5	33
Michigan	12,548	15,121	20.5	2
Minnesota	5,369	5,553	3.4	34
Ohio	9,551	11,091	16.1	7
Wisconsin	3,877	4,226	9.0	15
Region VI	31,324	32,364	3.3	
Arkansas	3,166	3,036	-4.1	48
Louisiana	5,392	5,422	0.6	38
New Mexico	1,442	1,689	17.1	4
Oklahoma	3,899	4,166	6.8	22
Texas	17,425	18,051	3.6	32

New Business Incorporations by SBA Region and State
January-June 1992 to January-June 1993 (Continued)

	Jan-Jun 1992	Jan-Jun 1993	Percent Change	Rank
Region VII	11,325	12,450	9.9	
Iowa	2,535	2,591	2.2	35
Kansas	2,235	2,247	0.5	39
Missouri	4,836	5,786	19.6	3
Nebraska	1,719	1,826	6.2	24
Region VIII	13,440	14,275	6.2	
Colorado	7,884	8,185	3.8	29
Montana	1,096	1,207	10.1	12
North Dakota	519	513	-1.2	44
South Dakota	716	682	-4.7	50
Utah	2,366	2,766	16.9	5
Wyoming	859	922	7.3	17
Region IX	32,087	35,525	10.7	
Arizona	4,436	5,645	27.3	1
California	19,839	21,283	7.3	19
Hawaii	1,896	1,896	0.0	42
Nevada	5,916	6,701	13.3	9
Region X	13,188	14,257	8.1	
Alaska	754	723	-4.1	49
Idaho	1,160	1,348	16.2	6
Oregon	4,848	5,292	9.2	13
Washington	6,426	6,894	7.3	18

Source: Economic Analysis Department, The Dun and Bradstreet Corporation.

Table 13 Number of Business Bankruptcies, by SBA Region and State, 1982-1992 (Thousands)											
Region/State	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
U.S. Total	68	62	63	71	80	81	63	62	64	71	70
Region I	2.0	1.6	1.4	1.3	1.2	1.2	1.4	2.3	3.6	3.9	3.9
Connecticut	0.5	0.4	0.3	0.3	0.2	0.2	0.2	0.2	0.4	0.4	0.4
Maine	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.4	0.4
Massachusetts	0.7	0.5	0.5	0.4	0.5	0.5	0.6	1.2	1.8	2.1	2.4
New Hampshire	0.2	0.2	0.1	0.1	0.1	0.1	0.2	0.3	0.5	0.6	0.2
Rhode Island	0.3	0.2	0.1	0.1	0.1	0.1	0.1	0.2	0.3	0.3	0.4
Vermont	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Region II	5.0	3.7	3.9	3.6	3.7	3.3	2.9	3.6	3.7	5.3	6.2
New Jersey	1.6	0.7	1.3	1.0	1.2	1.1	0.9	1.1	1.1	1.3	1.6
New York	3.5	3.0	2.6	2.6	2.5	2.3	2.0	2.5	2.6	4.0	4.6
Region III	4.9	4.1	3.9	4.3	4.2	4.5	4.0	4.8	6.7	7.9	6.9
Delaware	0.1	0.1	0.1	0.05	0.1	0.1	0.1	0.1	0.1	0.1	0.2
District of Columbia	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1
Maryland	0.4	0.5	0.4	0.5	0.5	1.0	0.4	0.5	1.4	1.6	1.6
Pennsylvania	2.1	1.6	1.5	1.4	1.3	1.3	1.1	1.3	1.8	2.2	2.4
Virginia	1.7	1.4	1.3	1.9	1.8	1.7	2.0	2.5	3.0	3.3	2.0

Table 13 Number of Business Bankruptcies, by SBA Region and State, 1982-1992 (Thousands)--Continued											
Region/State	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
West Virginia	0.4	0.4	0.4	0.4	0.5	0.5	0.3	0.4	0.4	0.4	0.5
Region IV	**10.0**	**8.2**	**8.4**	**9.1**	**9.9**	**11.1**	**8.6**	**10.0**	**11.1**	**12.4**	**11.2**
Alabama	1.3	0.9	1.0	0.9	1.2	1.6	1.2	1.3	1.4	1.4	1.3
Florida	1.9	1.6	2.1	2.2	2.1	1.8	1.8	2.0	2.8	3.0	3.0
Georgia	1.9	1.7	1.6	1.8	2.2	2.0	1.6	2.3	2.4	2.9	2.5
Kentucky	1.1	0.7	0.9	1.0	1.0	1.2	1.0	1.2	1.3	1.0	0.7
Mississippi	0.5	0.4	0.3	0.4	0.6	0.9	0.4	0.3	0.3	0.4	0.5
North Carolina	1.0	0.9	0.8	1.0	1.0	1.3	1.0	1.0	1.3	1.4	1.2
South Carolina	0.3	0.3	0.2	0.3	0.3	0.3	0.4	0.3	0.4	0.5	0.2
Tennessee	2.0	1.7	1.4	1.5	1.6	1.8	1.3	1.5	1.3	1.7	1.9
Region V	**13.1**	**12.1**	**12.1**	**13.0**	**12.3**	**12.1**	**9.3**	**9.1**	**9.7**	**9.5**	**10.2**
Illinois	3.6	3.6	3.6	4.0	3.8	3.6	2.8	2.4	2.0	2.4	2.6
Indiana	1.6	1.3	1.3	1.4	1.6	1.6	1.2	1.1	1.1	1.1	1.3
Michigan	1.9	1.6	1.5	1.5	1.7	1.6	1.5	1.6	1.6	1.6	1.8
Minnesota	1.4	1.4	1.4	1.7	1.7	1.7	1.4	1.5	1.8	1.8	1.5
Ohio	2.7	2.4	2.4	2.3	2.1	2.2	1.5	1.4	1.8	1.4	1.9
Wisconsin	1.8	1.7	2.0	2.0	1.4	1.3	0.9	1.0	1.4	1.3	1.2

Table 13 Number of Business Bankruptcies, by SBA Region and State, 1982-1992 (Thousands)--Continued											
Region/State	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Region VI	6.5	7.2	8.3	10.9	14.7	14.4	12.0	10.3	9.2	7.6	7.8
Arkansas	0.5	0.4	0.7	0.6	0.6	0.7	0.6	0.5	0.5	0.5	0.6
Louisiana	1.3	1.3	1.3	1.5	2.6	2.6	1.6	1.4	1.3	1.1	0.9
New Mexico	0.2	0.2	0.3	0.4		0.4	0.4	0.3	0.3	0.3	0.5
Oklahoma	1.0	1.0	1.1	2.0	2.7	2.5	1.9	1.7	1.7	1.3	1.1
Texas	3.5	4.3	4.9	6.4	8.4	8.2	7.5	6.5	5.3	4.4	4.8
Region VII	4.5	3.5	4.8	6.0	6.7	7.4	3.9	3.1	3.2	2.9	2.6
Iowa	1.4	1.3	1.6	2.3	2.3	2.0	1.1	1.0	0.9	0.7	0.7
Kansas	0.7	0.6	1.0	1.2	1.5	1.4	0.8	0.6	0.6	0.5	0.6
Missouri	1.8	1.1	1.6	1.8	1.9	2.5	1.4	1.2	1.3	1.2	1.0
Nebraska	0.6	0.5	0.7	0.6	1.0	1.5	0.6	0.4	0.4	0.4	0.4
Region VIII	4.0	3.7	4.3	5.4	7.2	8.6	4.7	5.5	2.9	2.3	2.5
Colorado	1.8	1.5	2.0	2.3	3.7	5.3	2.3	3.8	1.1	0.6	1.1
Montana	0.2	0.3	0.2	0.4	0.4	0.5	0.5	0.4	0.2	0.2	0.2
North Dakota	0.3	0.4	0.3	0.4	0.3	0.3	0.2	0.2	0.2	0.2	0.2
South Dakota	0.4	0.3	0.3	0.6	0.9	0.9	0.4	0.3	0.4	0.4	0.3
Utah	1.0	0.9	1.0	1.2	1.4	1.3	1.2	0.7	0.9	0.8	0.6
Wyoming	0.2	0.4	0.4	0.5	0.5	0.4	0.3	0.1	0.1	0.1	0.1

Table 13 Number of Business Bankruptcies, by SBA Region and State, 1982-1992 (Thousands)--Continued

Region/State	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Region IX	14.4	13.8	12.2	12.4	14.0	13.1	9.6	10.0	10.2	15.0	15.0
Arizona	1.3	1.5	1.4	1.4	1.9	1.7	1.6	2.4	2.4	2.2	2.1
California	12.2	11.5	10.0	10.0	11.1	10.8	7.4	7.1	7.4	12.3	12.2
Hawaii	0.3	0.3	0.2	0.3	0.3	0.2	0.1	0.1	0.1	0.1	0.2
Nevada	0.6	0.6	0.5	0.7	0.7	0.4	0.4	0.4	0.4	0.5	0.5
Region X	4.1	3.6	4.1	4.7	6.2	5.8	4.4	3.7	3.6	3.8	3.4
Alaska	0.2	0.2	0.2	0.3	0.3	0.4	0.2	0.2	0.2	0.2	0.2
Idaho	0.4	0.6	0.7	0.7	0.6	0.7	0.4	0.4	0.4	0.2	0.5
Oregon	1.5	1.3	1.5	2.0	2.6	1.8	1.1	0.9	1.1	1.2	1.1
Washington	1.9	1.5	1.7	1.7	2.6	2.9	2.6	2.2	2.0	2.2	1.6

Note: Bankruptcy data exclude Guam, Puerto Rico, and the Virgin Islands. A business bankruptcy is the legal recognition that a company is insolvent (i.e., not able to satisfy creditors or discharge liabilities); must restructure or completely liquidate. A business bankruptcy culminates in the filing of a bankruptcy petition under Chapter 7, 9, 11, 12, or 13 of the federal bankruptcy laws.

Source: Adapted by the U.S. Small Business Administration, Office of Advocacy, from the Administrative Office of the U.S. Courts.

Table 14 Number of Business Failures, by SBA Region and State, 1985-1992								
Region/State	1985	1986	1987	1988	1989	1990	1991	1992
U.S. Total	57,252	61,601	61,236	57,099	50,361	60,432	88,140	96,836
Region I	1,228	1,109	1,039	1,051	1,282	3,057	5,654	6,198
Connecticut	307	202	110	151	147	430	911	1,224
Maine	80	59	59	84	132	197	396	463
Massachusetts	683	725	653	556	771	1,898	2,839	3,021
New Hampshire	60	56	135	165	125	275	861	720
Rhode Island	60	38	34	42	56	183	459	511
Vermont	38	29	48	53	51	74	188	259
Region II	2,840	2,426	2,509	3,220	2,570	4,527	8,370	10,684
New Jersey	990	912	776	860	606	1,246	2,758	2,821
New York	1,850	1,514	1,733	2,360	1,964	3,281	5,612	7,863
Region III	3,571	3,066	3,252	3,083	3,252	4,892	8,043	8,757
Delaware	46	46	30	64	31	80	160	189
District of Columbia	60	65	62	53	44	101	198	210
Maryland	450	462	490	424	232	686	1,331	1,710
Pennsylvania	1,657	1,572	1,561	1,399	1,606	2,209	3,658	4,087
Virginia	991	693	875	928	1,177	1,585	2,297	2,159

Table 14 Number of Business Failures, by SBA Region and State, 1985-1992--Continued								
Region/State	1985	1986	1987	1988	1989	1990	1991	1992
West Virginia	367	228	234	215	162	31	399	402
Region IV	7,917	7,810	8,513	8,569	8,757	10,692	15,352	14,362
Alabama	608	376	495	635	490	676	1,027	902
Florida	2,793	3,331	3,217	3,135	3,160	3,655	5,229	5,370
Georgia	954	617	1,234	1,379	1,787	1,937	3,390	2,872
Kentucky	983	958	965	701	676	1,048	1,234	1,088
Mississippi	467	501	591	493	536	457	523	497
North Carolina	665	582	584	672	762	1,030	1,351	1,491
South Carolina	230	264	279	385	182	415	603	482
Tennessee	1,217	1,181	1,148	1,169	1,164	1,474	1,995	1,660
Region V	10,501	10,310	10,275	9,603	9,145	8,830	12,368	12,414
Illinois	3,402	3,308	3,308	3,301	3,382	2,124	3,068	3,093
Indiana	1,245	1,094	1,301	923	929	1,164	1,736	1,479
Michigan	1,465	1,620	1,810	1,799	2,080	2,100	2,295	2,427
Minnesota	506	639	690	536	323	522	1,583	1,509
Ohio	2,456	2,082	1,927	1,936	1,713	2,254	2,776	2,682
Wisconsin	1,427	1,567	1,239	1,108	718	666	910	1,224

Table 14 Number of Business Failures, by SBA Region and State, 1985-1992--Continued								
Region/State	1985	1986	1987	1988	1989	1990	1991	1992
Region VI	**8,300**	**13,019**	**12,986**	**10,886**	**8,807**	**10,056**	**10,854**	**10,763**
Arkansas	622	377	440	363	307	260	480	512
Louisiana	1,384	1,826	1,817	1,438	1,402	1,153	1,103	858
New Mexico	358	271	227	344	393	318	390	456
Oklahoma	1,030	2,869	2,135	868	1,266	1,587	1,845	1,418
Texas	4,906	7,676	8,367	7,873	5,439	6,738	7,036	7,519
Region VII	**4,147**	**4,361**	**4,165**	**3,157**	**2,594**	**2,886**	**3,429**	**4,270**
Iowa	830	672	915	661	560	554	295	730
Kansas	1,583	1,689	993	846	668	758	989	1,079
Missouri	1,247	1,632	1,573	1,381	1,150	1,216	1,609	1,829
Nebraska	487	368	684	269	216	358	536	632
Region VIII	**3,977**	**4,558**	**4,493**	**3,585**	**2,353**	**3,232**	**3,292**	**2,943**
Colorado	2,693	3,274	2,890	2,233	1,516	2,077	1,959	1,739
Montana	194	184	324	241	191	191	160	211
North Dakota	94	101	111	159	105	145	140	163
South Dakota	145	151	278	148	142	270	315	232
Utah	577	566	611	599	281	372	556	457
Wyoming	274	282	279	205	118	177	162	141

Table 14 Number of Business Failures, by SBA Region and State, 1985-1992--Continued

Region/State	1985	1986	1987	1988	1989	1990	1991	1992
Region IX	11,607	11,555	11,244	11,128	9,465	10,386	17,504	22,755
Arizona	694	668	821	1,442	1,250	1,084	2,230	2,297
California	10,295	10,241	9,969	9,178	7,814	8,902	14,685	19,732
Hawaii	251	283	171	179	170	147	74	289
Nevada	367	363	283	329	231	253	515	437
Region X	3,164	3,387	2,760	2,817	2,136	1,874	3,274	3,690
Alaska	173	288	305	287	143	123	144	103
Idaho	203	314	451	363	233	309	397	360
Oregon	1,151	1,001	712	509	444	588	1,309	1,259
Washington	1,637	1,784	1,292	1,658	1,316	854	1,424	1,968

Note: A business failure is an establishment which ceases operation with a loss to one or more creditors.

Source: Adapted by the U.S. Small Business Administration, Office of Advocacy, from the Dun & Bradstreet Corporation, various press releases.

ATTACHMENT XI.

Number of Business Failures by SBA Region and State,
January-June 1992 and January-June 1993

State/Region	January-June 1992	1993	Percent Change	Rank
United States	50,793	45,749	-9.3	
Region I	3,234	2,932	-9.3	
Connecticut	597	603	1.0	7
Maine	240	209	-12.9	23
Massachusetts	1,592	1,477	-7.2	15
New Hampshire	390	344	-11.8	21
Rhode Island	287	198	-31.0	45
Vermont	128	101	-21.1	31
Region II	5,660	5,230	-7.6	
New Jersey	1,532	1,501	-2.0	11
New York	4,128	3,729	-9.7	19
Region III	4,746	3,650	-23.1	
Delaware	97	79	-18.6	29
District of Columbia	117	113	-3.4	12
Maryland	837	737	-11.9	22
Pennsylvania	2,245	1,656	-26.2	37
Virginia	1,251	913	-27.0	39
West Virginia	199	152	-23.6	34
Region IV	7,499	6,597	-12.0	
Alabama	463	461	-0.4	8
Florida	2,736	2,710	-1.0	9
Georgia	1,586	1,317	-17.0	29
Mississippi	268	180	-32.8	47
Kentucky	600	443	-26.2	36
North Carolina	795	620	-22.0	33
South Carolina	266	198	-25.6	35
Tennessee	785	668	-14.9	25
Region V	6,616	5,349	-19.2	
Illinois	1,629	1,064	-34.7	48
Indiana	824	604	-26.7	38
Michigan	1,260	1,382	9.7	2
Minnesota	858	534	-37.8	50
Ohio	1,370	1,120	-18.2	28
Wisconsin	675	645	-4.4	13
Region VI	5,552	5,338	-3.9	
Arkansas	282	101	-64.2	51
Louisiana	485	337	-30.5	43
New Mexico	239	236	-1.3	10
Oklahoma	756	808	6.9	4
Texas	3,790	3,856	1.7	6

Number of Business Failures by SBA Region and State, January-June 1992 and January-June 1993 (Continued)

State/Region	January-June 1992	January-June 1993	Percent Change	Rank
Region VII	2,337	1,745	-29.0	
Iowa	406	286	-29.6	40
Kansas	592	547	-7.6	16
Missouri	990	673	-32.0	47
Nebraska	349	239	-31.5	46
Region VIII	1,642	1,372	-16.4	
Colorado	939	760	-19.1	30
Montana	102	80	-21.6	32
North Dakota	86	79	-8.1	17
South Dakota	125	104	-16.8	26
Utah	315	301	-4.4	14
Wyoming	75	48	-36.0	49
Region IX	11,631	11,817	1.6	
Arizona	1,215	1,115	-8.2	18
California	10,066	10,370	3.0	5
Hawaii	110	163	48.2	1
Nevada	240	169	-29.6	41
Region X	1,876	1,719	-8.4	
Alaska	58	52	-10.3	20
Idaho	216	188	-13.0	24
Oregon	677	474	-30.0	42
Washington	925	1,005	8.6	3

Note: A business failure is an enterprise that ceases operation with a loss to one or more creditors.

Source: Adapted by the U.S. Small Business Administration, Office of Advocacy, from the Dun and Bradstreet Corporation, Monthly Business Failures (~~February 1993~~ August 1993).

ATTACHMENT XII

Top Five Industries in Arkansas, by Employment, 1990

Industry	*Number of Jobs*	*Percent of Total*	*Rank*
Health Services	76,421	10.3	1
Eating and Drinking Places	47,522	6.4	2
Food and Kindred Products	42,653	5.7	3
Business Services	33,852	4.6	4
General Merchandise Stores	28,628	3.9	5
Total, All Industries	742,267	100.0	

Note: Industries represent two-digit industries as defined in the *Standard Industrial Classification Manual.*

Source: U.S. Small Business Administration, Office of Advocacy, based upon data prepared under contract by the U.S. Department of Commerce, Bureau of the Census.

Top Five Industries in Louisiana, by Employment, 1990

Industry	*Number of Jobs*	*Percent of Total*	*Rank*
Health Services	123,197	10.1	1
Eating and Drinking Places	93,600	7.7	2
Business Services	65,036	5.3	3
Food Stores	56,508	4.6	4
Oil and Gas Extraction	53,335	4.4	5
Total, All Industries	1,220,026	100.0	

Note: Industries represent two-digit industries as defined in the *Standard Industrial Classification Manual.*

Source: U.S. Small Business Administration, Office of Advocacy, based upon data prepared under contract by the U.S. Department of Commerce, Bureau of the Census.

Top Five Industries in New Mexico, by Employment, 1990

Industry	*Number of Jobs*	*Percent of Total*	*Rank*
Eating and Drinking Places	41,229	10.2	1
Health Services	40,411	10.0	2
Engineering and Management Services	22,290	5.5	3
Business Services	18,663	4.6	4
Food Stores	16,009	3.9	5
Total, All Industries	405,394	100.0	

Note: Industries represent two-digit industries as defined in the *Standard Industrial Classification Manual.*

Source: U.S. Small Business Administration, Office of Advocacy, based upon data prepared under contract by the U.S. Department of Commerce, Bureau of the Census.

Top Five Industries in Oklahoma, by Employment, 1990

Industry	*Number of Jobs*	*Percent of Total*	*Rank*
Health Services	98,209	11.2	1
Eating and Drinking Places	75,399	8.6	2
Oil and Gas Extraction	43,437	5.0	3
Business Services	39,273	4.5	4
Food Stores	36,905	4.2	5
Total, All Industries	877,178	100.0	

Note: Industries represent two-digit industries as defined in the *Standard Industrial Classification Manual.*

Source: U.S. Small Business Administration, Office of Advocacy, based upon data prepared under contract by the U.S. Department of Commerce, Bureau of the Census.

Top Five Industries in Texas, by Employment, 1990

Industry	*Number of Jobs*	*Percent of Total*	*Rank*
Health Services	519,139	8.9	1
Eating and Drinking Places	432,672	7.4	2
Business Services	400,039	6.8	3
Wholesale Trade–Durable Goods	256,971	4.4	4
Food Stores	232,681	4.0	5
Total, All Industries	5,853,785	100.0	

Note: Industries represent two-digit industries as defined in the *Standard Industrial Classification Manual*.

Source: U.S. Small Business Administration, Office of Advocacy, based upon data prepared under contract by the U.S. Department of Commerce, Bureau of the Census.

Remarks of

U.S. Representative Blanche Lambert

Pine Bluff, Arkansas
October 29, 1993

Thank you Mr. Chairman and I appreciate the opportunity to be with you today. Let me join the others in welcoming you to Arkansas. Our people are known nationwide for their big hearts and their hospitality to travellers and we are very happy to have you and the subcommittee members as our guests. I hope all of you have a chance to come back to Arkansas for a more leisurely visit: wherever you go, you are going to get some of the best music, the prettiest country, and the finest food to be found anywhere.

Mr. Chairman, our part of the country is known for growing things....one of the reasons I chose to be on the Agriculture Committee is that we in Arkansas do grow things well.....and we do it better than anyone else in the world.

We realized long ago that the best way to insure our future was to plant our own seeds and grow our own crops. Homegrown is always the best.....We here in Arkansas are trying to apply this same philosophy to our businesses. Arkansas has the talent and our people know how to work hard....but in some cases we need the seed capital to get our projects off the ground, particularly in small towns and rural areas where capital is always in short supply. This is one area where the government can play an important role in making sure that financial backing is available on an equal basis to everyone who has a good idea and is willing to work.

There is nothing more important to us in Arkansas and to my constituents in the Delta than opportunity. We're full of good ideas and hard work but what we need is the chance to turn those into goods and services and, most importantly, jobs. Arkansans don't want to wait for someone to give them something, they are willing to make it happen themselves. We don't seek giveaway programs, what we want is a fair opportunity for a small loan to get businesses going right here in Arkansas; we want to create jobs in our own backyard.

I have brought with me today, some of the businessmen who have a stake in our future in the Delta and who are working hard to make sure opportunities exist for all Arkansans. They are here to share with you and the subcommittee their experience and their suggestions about what is needed in the Delta area.

This hearing and your visit are important because we welcome the opportunity for you to exchange ideas and discuss the hurdles that remain for minority small business. We need to do our homework to improve the delivery of financial services.

I thank you and the subcommittee members for your attention and for your efforts..,again, I would like to invite all of you back when you can spend more time.

74-196 (224)

BOSTON PUBLIC LIBRARY
3 9999 05983 000 8

ISBN 0-16-044378-4